The Changing Economy of Montana's Clark Fork Basin

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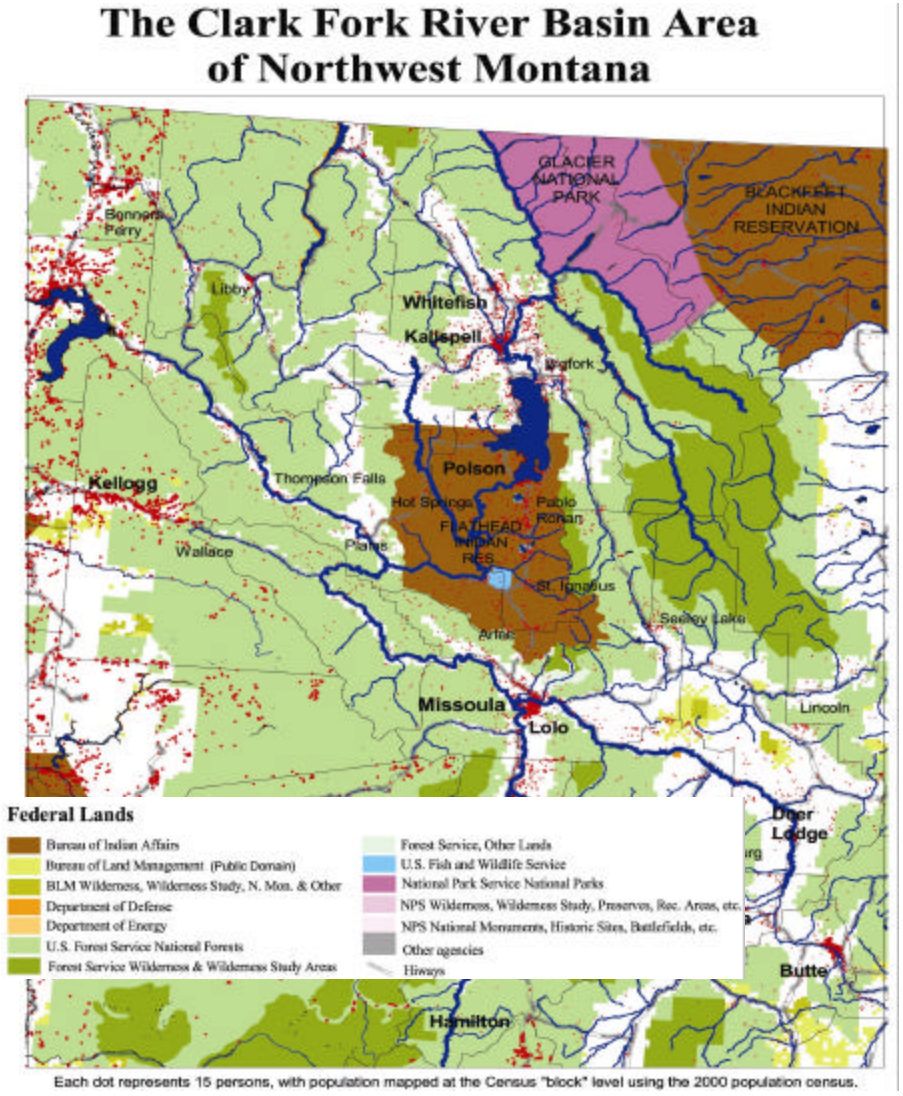
The Clark Fork River of Montana extends from its source in Silver Bow Creek near Butte north through Missoula and further north through Plains and Thompson Falls and across the Montana-Idaho border into Lake Pondera in northern Idaho. Major tributaries of the Clark Fork include the Bitterroot River, which runs north through Ravalli County and into the Clark Fork near Missoula, and the Flathead River, which runs south from Glacier National Park and into Flathead Lake and further south joining the Clark Fork south of Plains.

Over 325,000 people live in the 11 counties that generally encompass the primary basin area of the Clark Fork River. The largest cities are Missoula (60,000), Butte (32,700), and Kalispell-Whitefish (21,000). A large share of the land within the basin area is some type of federal public land, including national forests, wilderness areas, national parks (Glacier), and reservation (Flathead). In the map at the right, the white areas within it are largely private lands.



Area Economic Assessment

This report generally assesses conditions and trends in the economy of the Clark Fork basin area, using population, income, and employment data and information for the eleven counties that generally occupy it. These include: Missoula, Flathead, and Silver Bow Counties – the counties in which the area's three largest cities are located including Missoula, Kalispell, and Butte; Ravalli (the Bitterroot Valley area) and Lake (the Flathead Indian Reservation). The other six counties in the basin area from north to south are Lincoln, Sanders, Mineral, Powell, Granite, and Deer Lodge.

The period of analysis for most of this assessment is from 1980 up to the present, or the most recent year for which data are available.

Area Characterization

In properly interpreting area economic patterns and trends, it's important to first characterize the type of area or region being evaluated, examining urban and rural features, defining population characteristics, underlying industry dependencies, and other key features that heavily determine the type of economy involved. The *READ Urban-to-Rural Hierarchy* and classification system is used for this purpose (see the report appendix for more discussion of *READ*).

Three of the counties have regional population centers and serve as regional trade and service centers. These are Missoula County with the City of Missoula, Flathead County with Kalispell and the other nearby cities of Whitefish and Columbia Falls, and Silver Bow County with the City of Butte. Under the *READ System*, these counties are classified as small (Flathead and Silver Bow) or large (Missoula) regional trade center counties or region cores. The other 8 counties are all classified as areas that surround small or large regional centers and, as such, are referred to as "closely-linked" to these centers economically and socially.

Counties are further classified under *READ* by underlying industry dependencies (like ag dependency) and a variety of other features, such as proximity to various types of federal lands. Because of the large presence of national forest lands as well as national park lands in the Clark Fork Basin, population trends in areas throughout the West with large concentrations of these lands are briefly examined.

Summary of Major Findings

In the larger body of this report, area conditions and trends in the Clark Fork Basin are described using charts with very brief narratives. The following is a summary of major findings regarding key trends in the area.

Area Population Trends The area's population grew very slowly during the decade of the 1980s, before accelerating in the last decade. This acceleration in population growth was spurred by a complete reversal in area net migration. During the '80s, more than 10,000 more people moved from the basin-area than the number moving to it (negative net migration), while during the '90s net migration turned positive with 35,000 more people moving to the area than away (this considers only area residents actually changing their county of permanent residence). This reversal was part of a larger "sea change" in migration patterns in the West, which resulted in the Interior West (areas up and down the Rocky Mountain spine) becoming one of the nation's fastest growing regions. High rates of net in-migration also are focusing in and

around areas with large concentrations of federal forest lands and national park lands.

Much of the growth in the basin area is occurring in Missoula, Flathead, Ravalli, and Lake Counties, and these four counties along with Silver Bow are where 90 percent of the basin's residents now live. At current rates of growth, basin-wide population will rise from over 320,000 in 2000 to around 350,000 by 2010.

Age Structure Trends Much of the growth in the population of the area is concentrated among adults at ages from their early 40s to early 60s. This age group is often referred to as the "baby boom generation," or persons born in the decade and a half after World War II. Another large and growing age segment is older children and young adults, or those in their teens and early 20s. These children of the baby boomers are often referred to as the "echo generation." Baby boomers have a large presence among new migrants to the area, but they are also simply a very large population age group nationally.

As baby boomers continue to age, the median age of the area population is rising, as is the case nationally. The median age in many of the area counties now exceeds 40.

Personal Income Growth and Change Total personal income basin-wide exceeded $7.6 billion in 2002. The income base of the area has grown fairly rapidly in the last ten to fifteen years, after sluggish growth in the early and mid-80s. Missoula County accounts for 33 percent of all income in the area, followed by Flathead County with 25 percent, and Silver Bow and Ravalli Counties with 11 percent each.

Labor earnings, or income received by persons and households from work, account for 60 percent of all area income, but this is down from 66 percent in 1980. Many of the more rural counties have almost a 50-50 split in their personal income by labor earnings and earnings from non-labor sources, like investment income and transfer payments (primarily Social Security and Medicare/Medicaid payments). Labor earnings are heavily focused among wage and salary workers, as opposed to proprietors or self-employed persons. However, self-employment income is growing at a faster rate than wage and salary income. Labor earnings growth also is focused among private sector jobs, rather than public sector jobs, which also include public education jobs.

Employment Trends Area-wide employment growth accelerated in the late-80s and continued through the 90s and up until the present. The fastest employment growth occurred in the mid-90s, coinciding with high rates of in-migration into the area. Missoula County accounts for 35 percent of all area employment, followed by Flathead with 26 percent, Silver Bow with 10 percent, and Ravalli with 9 percent. The fastest rates of employment growth during the '90s are in Ravalli (59 percent increase), Flathead (49 percent), Sanders (41 percent), Missoula (40 percent), and Granite (36 percent). Lincoln County is the only area county experiencing an actual decline in employment growth over the last decade.

Proprietors accounted for nearly 27 percent of all employment in 2000, up from 21 percent in 1980. Wage and salary workers are the majority of employment, but they are growing at a slower rate than proprietor employment. Most of the surge in employment is in private sector jobs rather than government jobs. Public sector jobs are growing very slowly in comparison to private sector ones and, as a result, private sector employment has climbed from 81 percent of all jobs in 1980 to 87 percent in 2000.

Area Economic Restructuring and Change Among the 13 major sectors of the economy, employment growth is heavily focused in the services sector, including health care services, business services, engineering and management services, and other sub-sectors. Between 1990 and 2000, total area employment increased by 53,000 with 23,000 of these in services, 43 percent of all new jobs. Retail trade job growth accounted for 22 percent of all new jobs. And construction employment growth accounted for 12 percent.

The regional population centers of Missoula, Butte, and Kalispell-Whitefish and their three counties account for 70 percent of all employment in the Clark Fork Basin. As regional employment centers, many residents of other area counties work in these centers as well. For example, workers in Ravalli County receive about 16 percent of their labor earnings at jobs outside of the county, mainly in Missoula. During the '90s, services labor earnings in Missoula County grew by over $260 million, accounting for 43 percent of all workplace labor earnings growth in the county. Health care is the county's single fastest-growing sub-sector, increasing by over $100 million. It's also the fastest growing in Flathead County and the second fastest growing in Silver Bow, the area's two other regional centers. Growth in the area is heavily concentrated in services, retail trade, construction, and finance, insurance, and real estate, and this growth is being pushed along by area population and income growth.

Key Industry Trends Area economic decline is focused in lumber and wood products manufacturing, with labor earnings falling from more than $320 million annually to $250 million over the last two decades. Mining labor earnings are down from over $140 million in the early '80s to around $40 million. And the area's farm and ranch sector has struggled. With these industries struggling as growth occurred in others, the area's overall economic dependency on natural resource industries has declined over time. Resource industries share of all labor earnings fell from nearly 17 percent in the early '80s to about 7.5 percent by 2000.

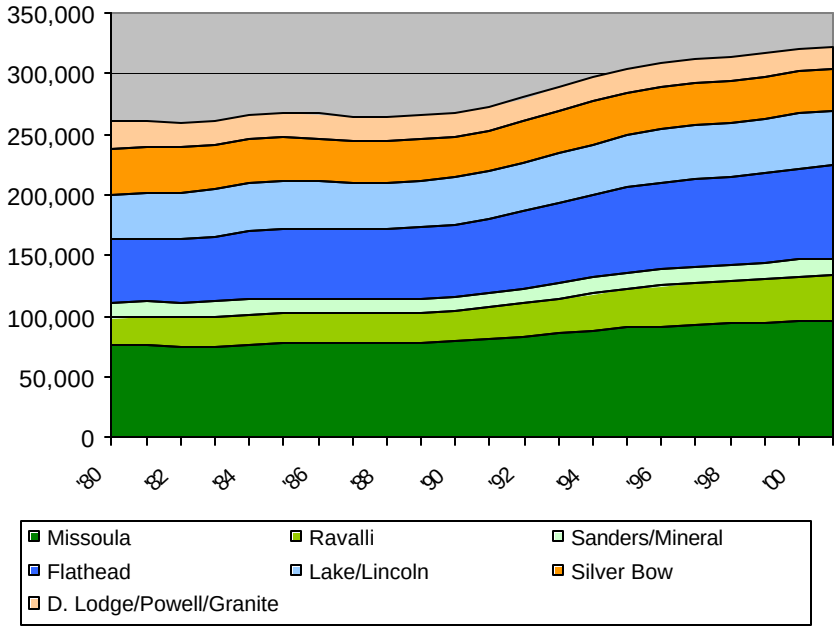
Trends in Area Economic Well-being

Per capita income across the area grew very slowly during the 1980s, but increased fairly sharply during the '90s. Area median incomes also fell in the '80s, but more than recovered in the '90s. And area poverty rates, once rising, have been in decline in recent years. So, area economic well-being has rebounded and improved considerably in recent years.

Population Trends by Major Sub-Area

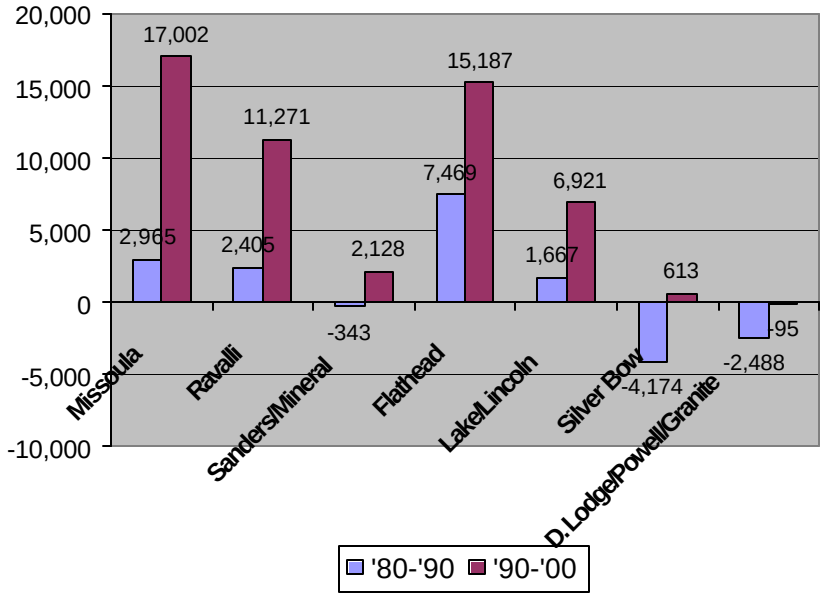
The population of Montana's Clark Fork basin is examined by major sub-area, as shown in the chart below. Sub-areas shown are Missoula County (the area's most populated county with its largest city), Ravalli County (the Bitterroot Valley area south of Missoula), Sanders and Mineral Counties (rural areas northwest of Missoula), Flathead County (the second most populated area county), and Lake and Lincoln Counties. Silver Bow County, where the city of Butte is located, is shown next to combined data for its nearby counties of Deer Lodge, Powell, and Granite.

Population by Sub-Area Over time



In the twenty years between 1980 and 2000, the total population of the 11-county basin area increased from around 268,000 to over 320,000, an increase of 52,000 people or 19 percent. Growth accelerated in the 1990s with most of this growth focused in only three of the counties – Missoula, Flathead, and Ravalli.

Sub-Area Pop. Change: 1980-1990 vs. 1990-2000

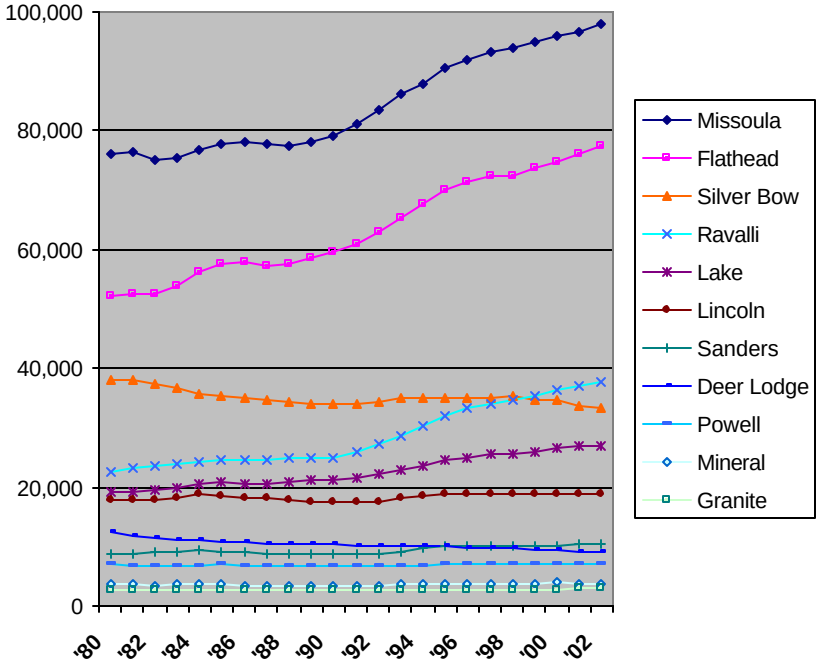


During the 1990s over 60 percent of the area's population growth occurred in its two most populated counties. In 2000 Missoula County accounted for 30 percent of the area population. Flathead accounted for 23 percent and Ravalli and Silver Bow accounted for about 11 percent each. Population in Silver Bow and surrounding areas has begun to stabilize after previous decades of decline.

Population Trends by County in the Clark Fork River Basin Area

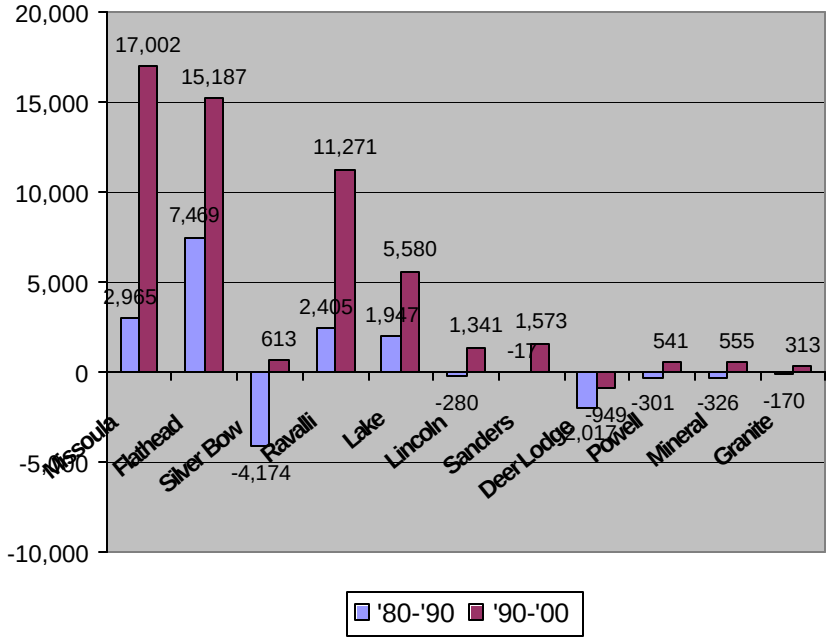
Population trends also are simply examined for each area county, with the counties generally listed by population from top to bottom in the chart below. Missoula's population has grown to 98,000 in 2002. Flathead's has reached over 77,000. Next largest is Ravalli at 38,000 followed by Silver Bow at 33,500 and Lake at 27,000. The other six counties all have populations of less that 20,000 people.

Population Trends: Clark Fork Basin Counties



The chart below shows population change by county for the last two decades, showing where growth has been focused.

Population Change: 1980-1990 vs. 1990-2000



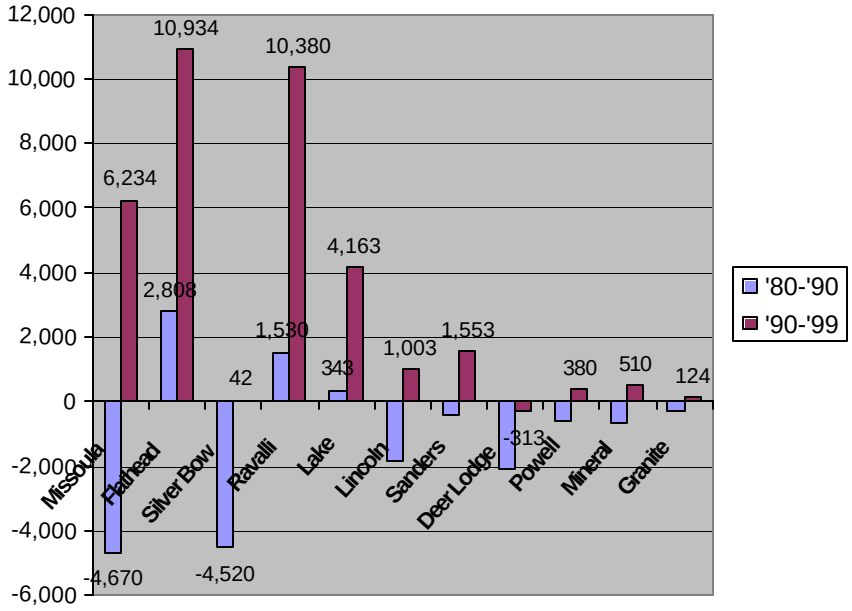
The greatest population growth is occurring in Missoula, Flathead, Ravalli, and Lake Counties, which together saw growth of over 49,000 people. These four counties, along with Silver Bow, are where over 90 percent of the area's total population of more than 320,000 residents now live.

In comparing growth during the two decades, it can be seen that growth across the entire basin area has accelerated. Most of this growth resulted from greatly increased rates of net migration during the 1990s.

Population Change by Major Component: Net Migration versus Natural Change

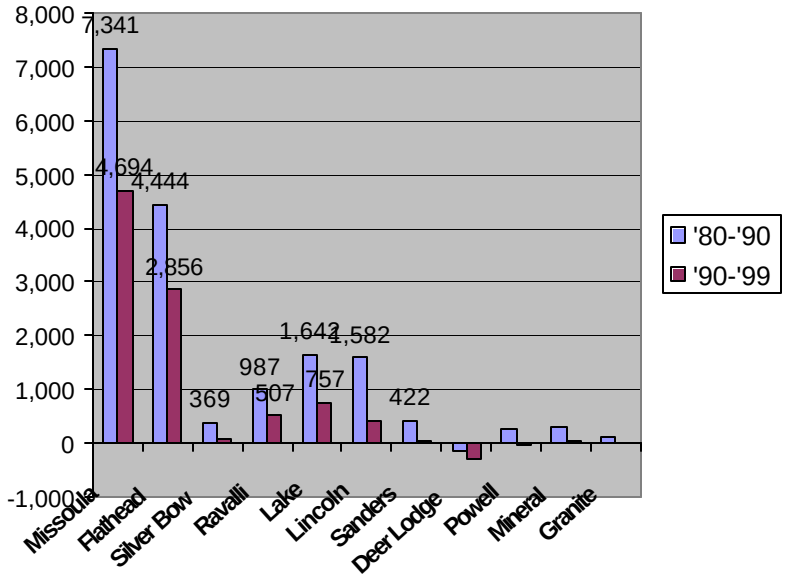
During the period from 1980 to 1990, a total of 10,400 more people moved from basin area counties than the number moving to them, considering only those who changed their county of permanent residence in the process. But in the period from 1990 to 1999, 35,000 more people moved to area counties than the number moving away, a complete reversal of trends in net migration. The chart below shows how this shift in migration played out among individual counties.

Pop. Change by Net Migration, 1980-90 vs. 1990-99



Flathead and Ravalli Counties had the highest levels of net migration in the latter period, followed by Missoula and Lake. Across the entire basin net migration shifted dramatically, reflecting a similar shift in migration patterns regionally. Many non-metro and rural areas of the interior West (the Rocky Mountain region in particular) saw high levels of net migration during this period, particularly areas that may be considered "high" in area amenities. This includes many areas nearby large concentrations of public forest lands and national parks. But, while net migration grows, population growth through "natural change" (the net of births and deaths) is falling because of aging among the population and falling birth rates.

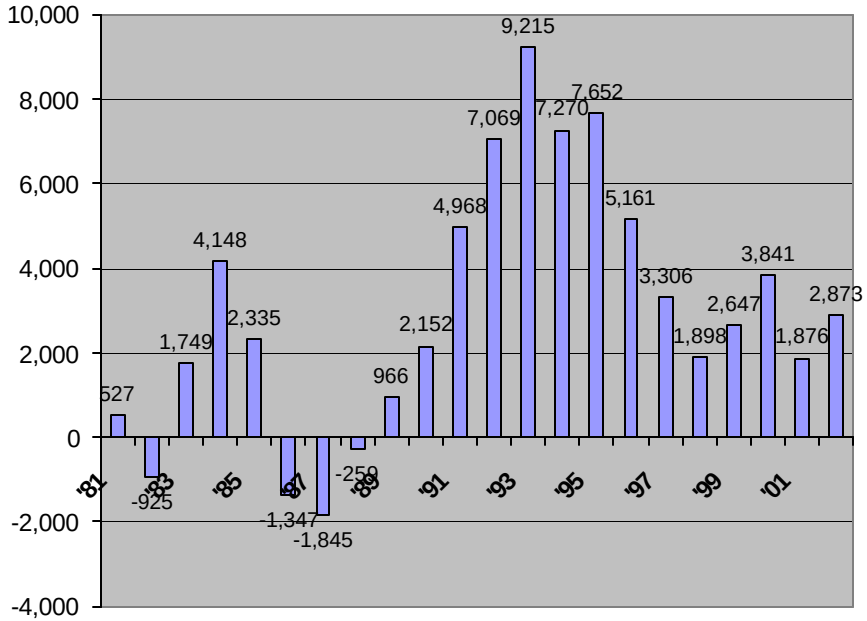
Pop. Change by Natural Change, 1980-90 vs. 1990-99



Recent and Anticipated Rates of Population Growth

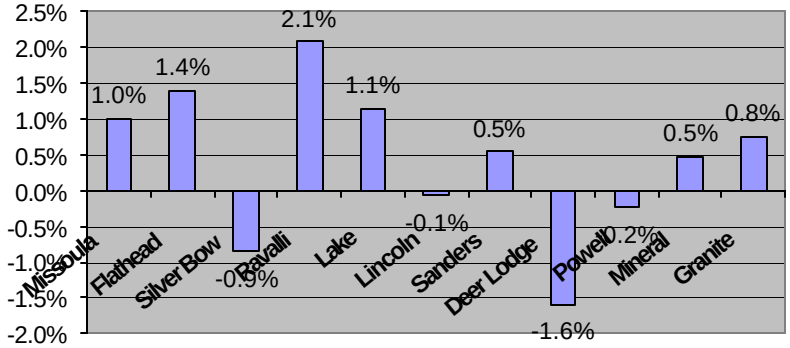
The chart below shows population growth year by year over the last twenty years basin wide. Growth was highest in the early and mid-1990s, but has fallen back to a slower pace more recently.

Annual Population Change: Clark Fork Basin Counties, 1980-2002

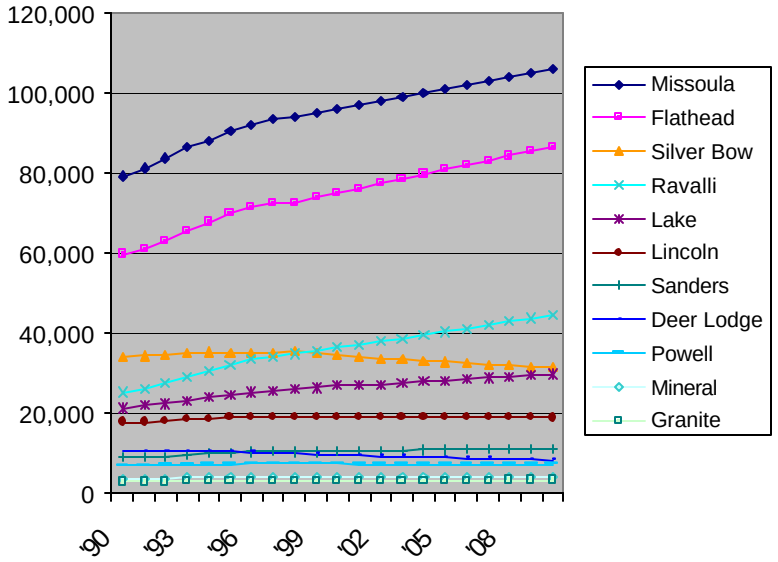


Using average annual rates of growth for each county for the period from 1997 to 2002 (shown in the upper right chart), population for area counties is projected through 2010. At these rates, population will reach 350,000 by decade's end.

Average Annual Rates of Population Growth: 1997-2002



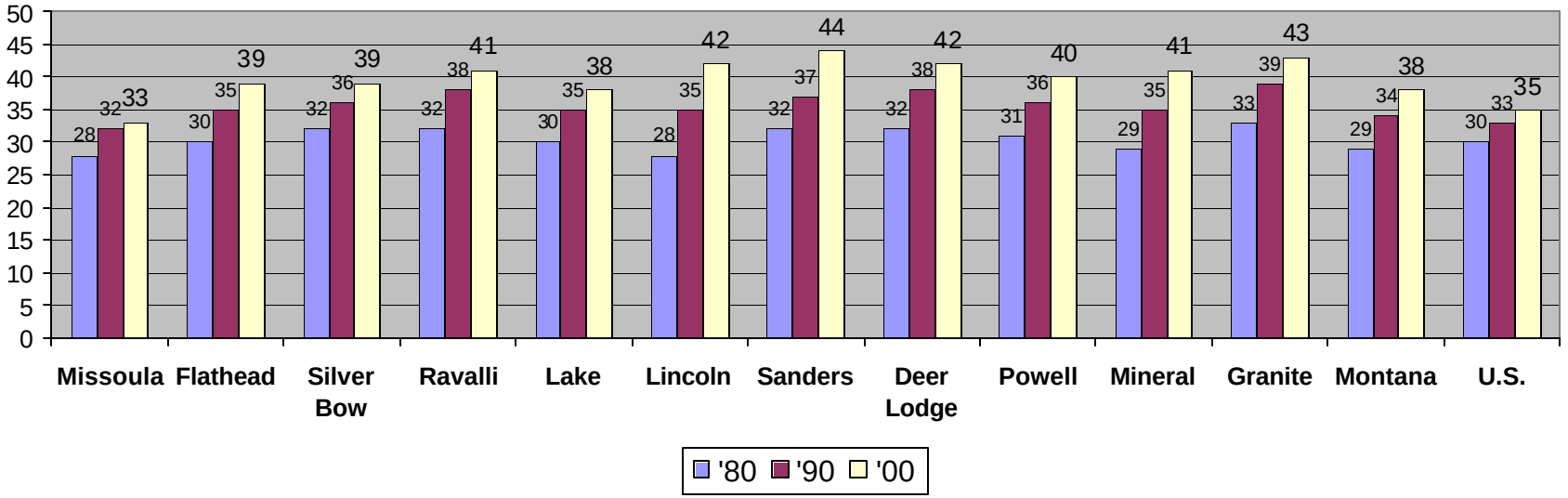
Basin Area Populations by 2010



Trends in Population Aging in the Area and Nationwide

As the population of the Clark Fork basin area has grown, it has also aged. This is consistent with population aging more generally in the United States and is the result of very high birth rates during the 15 to 20 year period following World War II. Persons born during this period are commonly referred to as "baby boomers" and, today, these persons are now in the 40s, 50s, and early 60s. The children of these baby boomers ("echo" group) are largely at ages from 10 to 30. The gradual aging of this large population of baby boomers is in part revealed in the steady rise in median age among the population. The median age of the U.S. population has risen from 30 in 1980 to 35 in 2000. It's rise is somewhat countered by international migration, with foreign migrants to the U.S. often younger on average than the U.S. population. At the same time, domestic migration – migration within the U.S. by residents changing their counties of residence – is heavily made-up of baby boomers themselves. Hence, Montana's population, boosted by domestic net migration, is aging faster than the U.S. population. Within the basin area, median age among all counties is rising. The charts on the pages which follow show how population has changed among age groups of the population for the four most populated counties in the area.

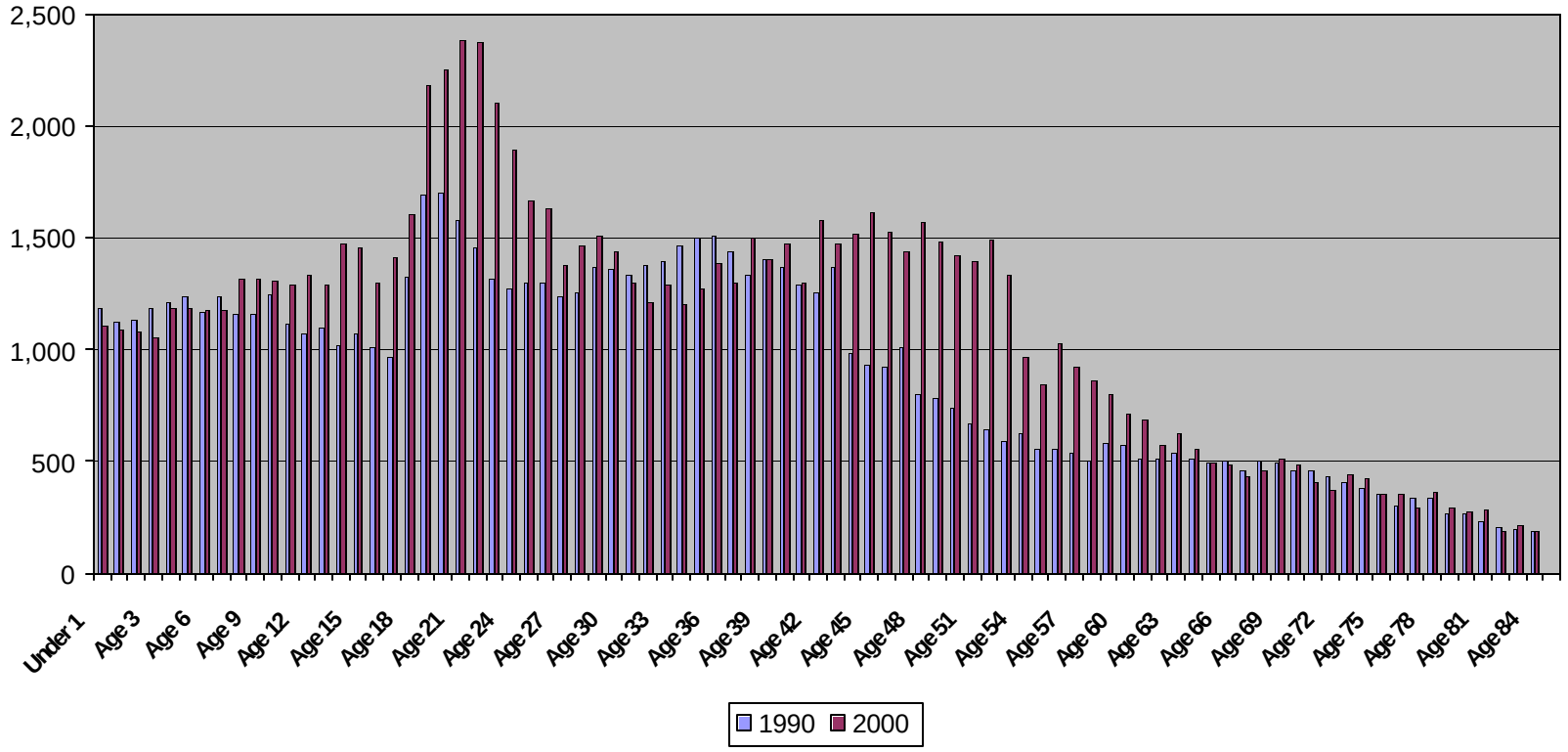
County Median Ages Over Time



The Missoula Co. Pop. in 1990 versus 2000 by Single Ages

The chart below shows population change in Missoula County by single age for 1990 versus 2000. By examining these single age population counts from one Census to the next, it's possible to see where population growth or decline is occurring among age segments of the population. Total population grew by 22 percent, but growth is concentrated among adults at ages between their early 40s and early 60s. These are classic "baby boomers," or persons born between 1947 and 1964 (Post WW II births). There also is considerable growth among older children. Growth among persons in their early 20s primarily reflects University of Montana enrollment growth.

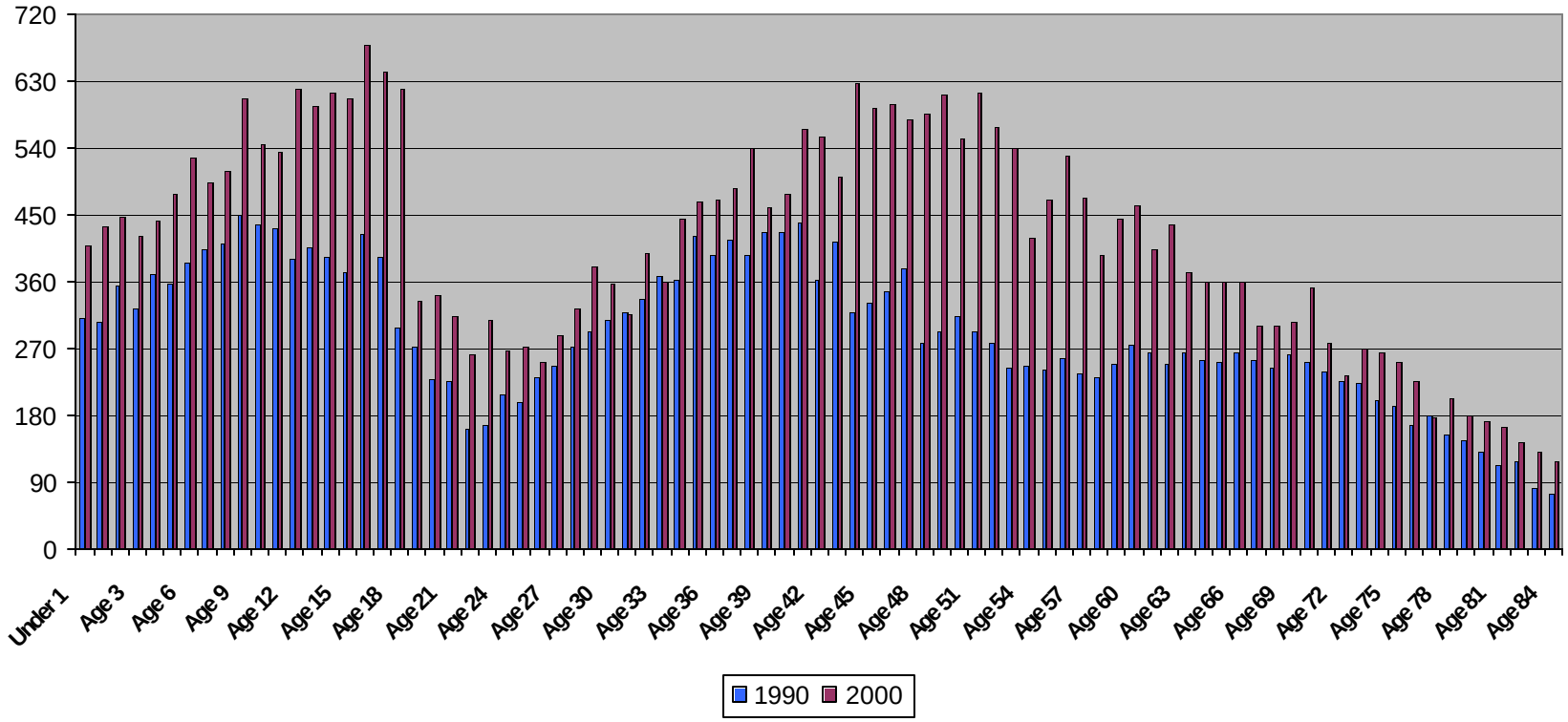
Missoula Co. Population by Single Age, 1990 versus 2000



The Ravalli Population in 1990 versus 2000 by Single Age

The chart shows population change in fast-growing Ravalli County over the last decade by single ages. The county's overall population grew by 44 percent over the course of the 1990s, but growth is clearly focused among adults at ages between their early 40s and early 60s ("baby boomers"). Growth also is high among older children. While in Missoula County there were actually fewer persons at ages between their early and late 30s, reflecting a fall-off in population from the older baby boomer group, the much faster rate of growth in Ravalli County (twice the rate of growth of Missoula) resulted in some increase in population among virtually all age groups.

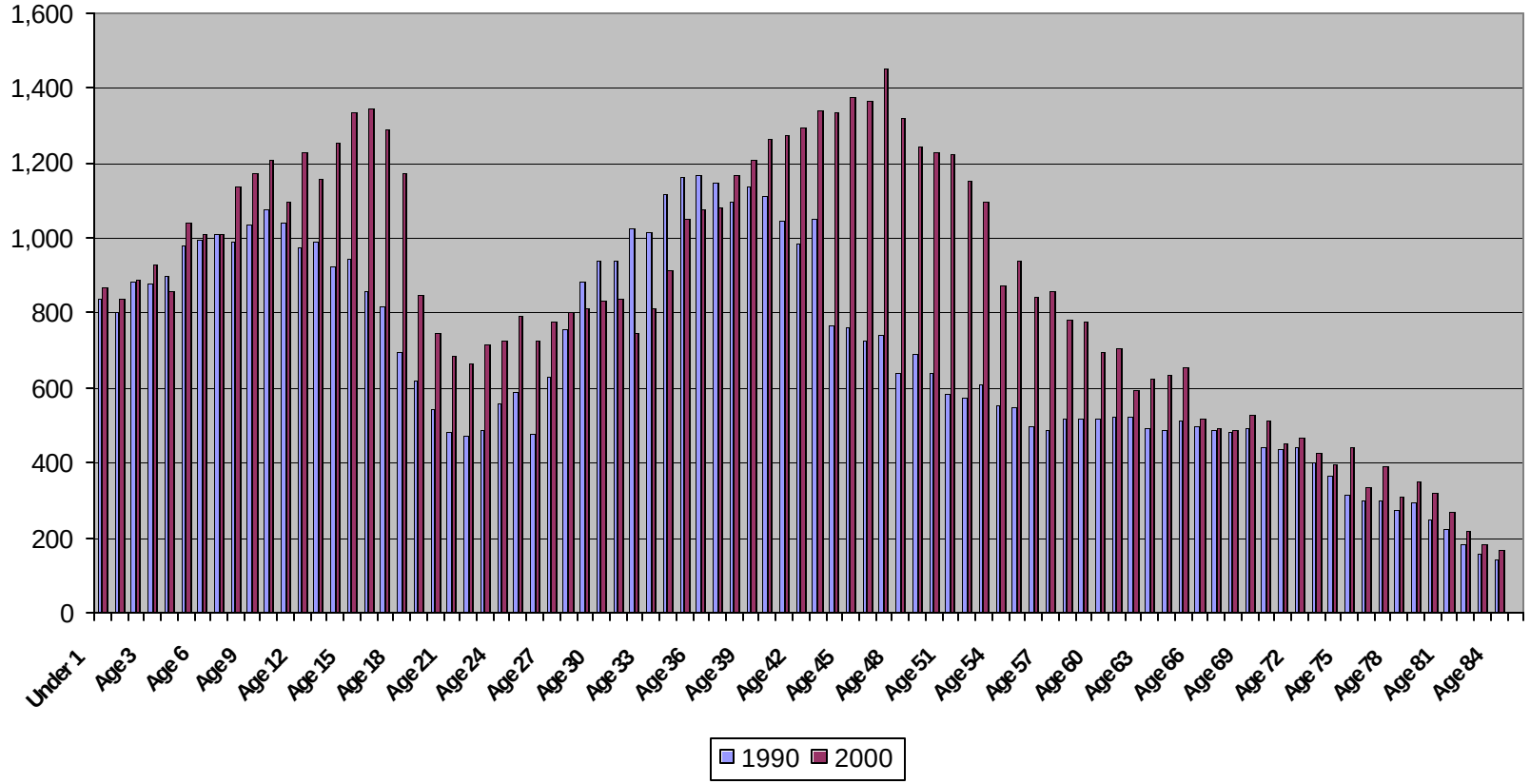
Ravalli Co. Population by Single Age, 1990 versus 2000



The Flathead County Population in 1990 versus 2000 by Single Age

The pattern of population growth among varying age groups in Flathead County closely parallels that of Ravalli County, with growth focused among adults at ages between their early 40s and early 60s, as well as among older children (particularly teenagers). Overall population growth during the period of 26 percent resulted in some growth among virtually all ages of the population, with the exception of young adults at ages between 30 and 40. There was very little growth among very young children.

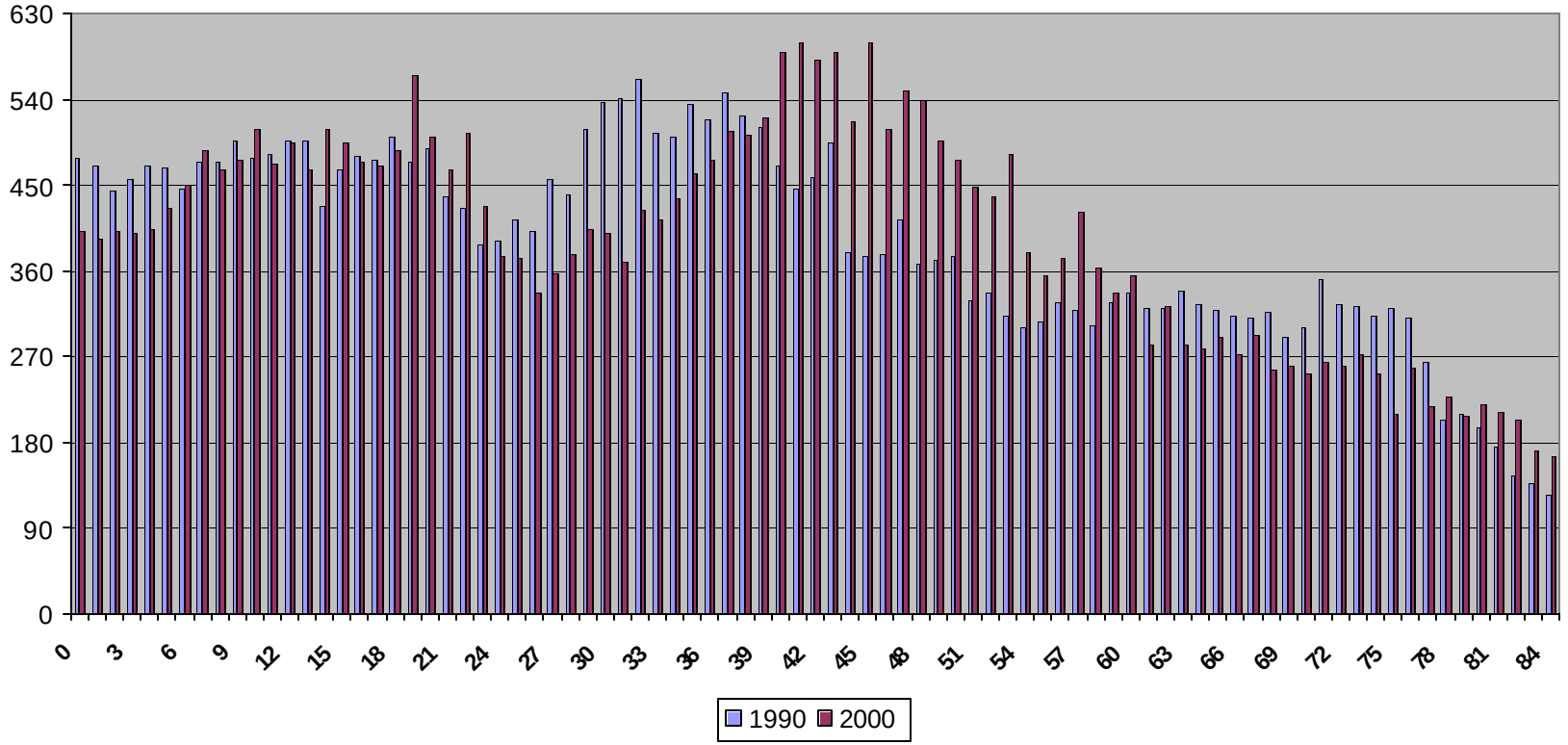
Flathead Co. Population by Single Age, 1990 versus 2000



The Silver Bow Co. Population in 1990 versus 2000 by Single Age

The pattern of shifts in the age of Silver Bow County residents is a somewhat different than what is occurring in the faster growing counties of Missoula, Ravalli, and Flathead. Over the course of the decade of the 1990s, Silver Bow County experienced a modest increase in population, growing by about 2 percent. However, significant shifts occurred in age composition. Almost all of the county's population growth is focused among persons between 40 and 60. Slight increases occurred among persons in their late 70s and 80s and in their early 20s. Significant declines occurred among very young children and among young adults between their mid-20s and late 30s.

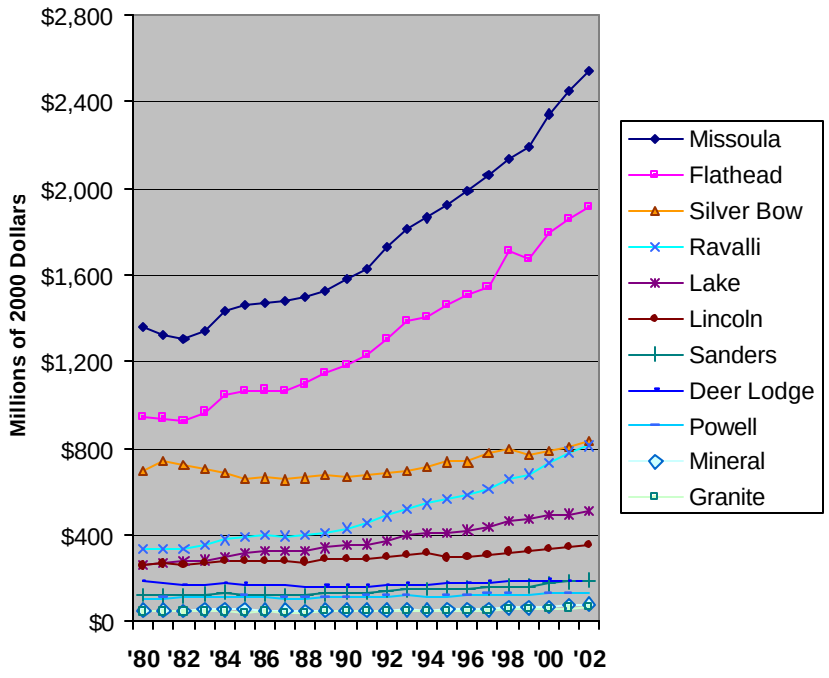
Silver Bow Co. Population by Single Age, 1990 vs. 2000



Area Personal Income Growth

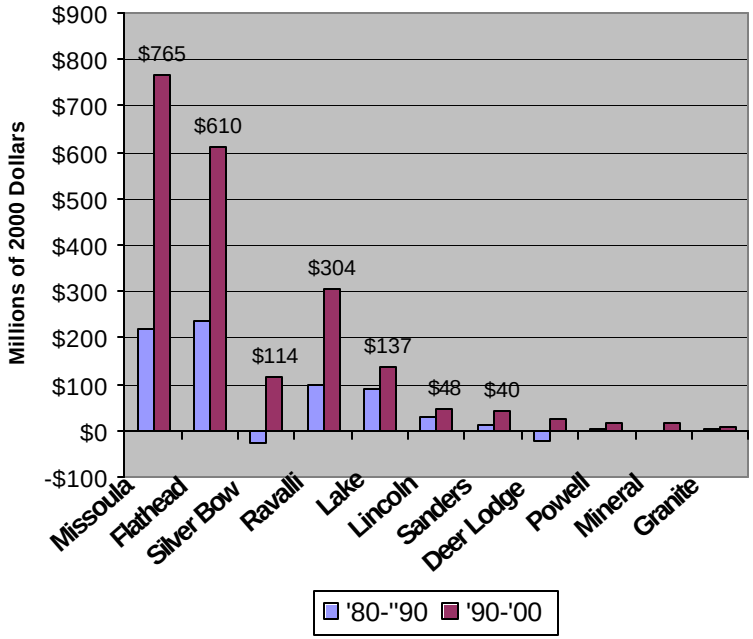
Total personal income is all income received by private individuals and households from all sources, including employment earnings, investment income, and transfer payments. The income base of the entire 11-county area exceeded $7.6 billion in 2002. Basin-wide personal income has steadily grown from $4.4 billion in 1980 to $5.0 billion in 1990 and to $7.1 billion in 2000, as in 2000 inflation-adjusted dollars. The chart below shows income growth over time by county.

Total Personal Income Trends: Clark Fork Counties



Personal income in Missoula County totaled $2.5 billion in 2002, accounting for 33 percent of income basin-wide. Next is Flathead County at $1.9 billion, 25 percent of all area income. Silver Bow and Ravalli County each account for about 11 percent of income. The rate of income growth in the area increased substantially in the 1990s after sluggish growth in the previous decade.

Total Personal Income Change: 1980-1990 vs. 1990-2000

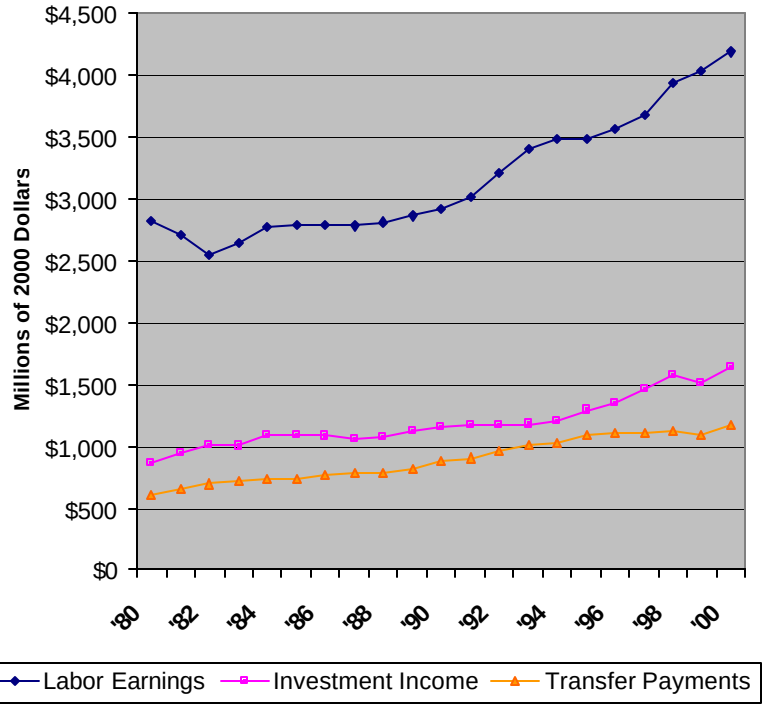


Missoula County's income grew by $765 million in the '90s versus growth of only $217 million in the '80s. Flathead and Ravalli Counties saw large increases as well but growth also occurred generally area-wide.

Changing Income Composition in the Clark Fork Basin

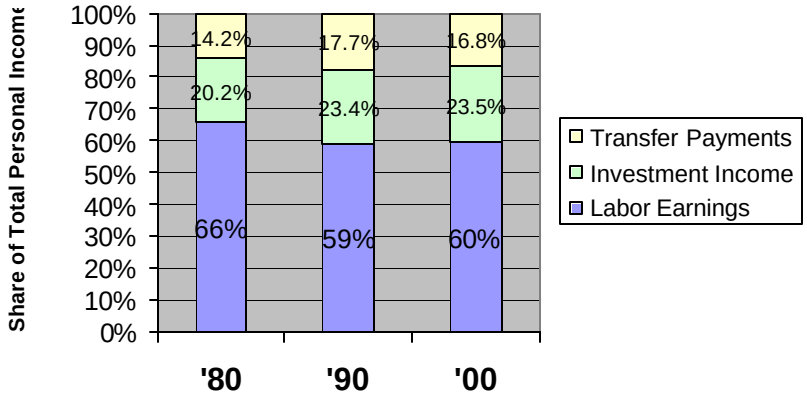
The three major sources of personal income are labor income (workplace earnings), investment income (income from rent, dividends, etc.), and transfer payments income (primarily Social Security and Medicare-Medicaid benefits). Trends among these are shown below.

Basin-wide Personal Income by Major Source



In recent years, labor income growth has been particularly strong, increasing by $1.3 billion in the '90s – a 44 percent increase - versus only $95 million in the '80s – only a 3.4 percent increase

Income Composition Over Time Basin-wide



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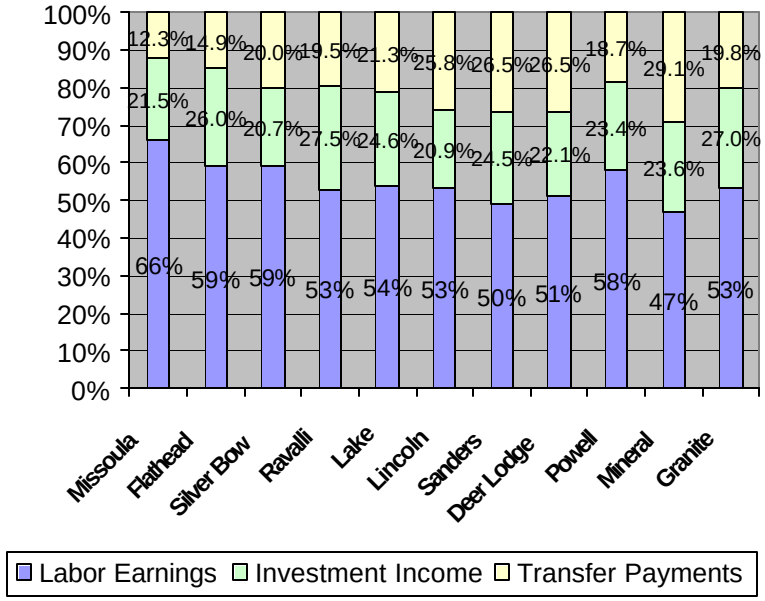
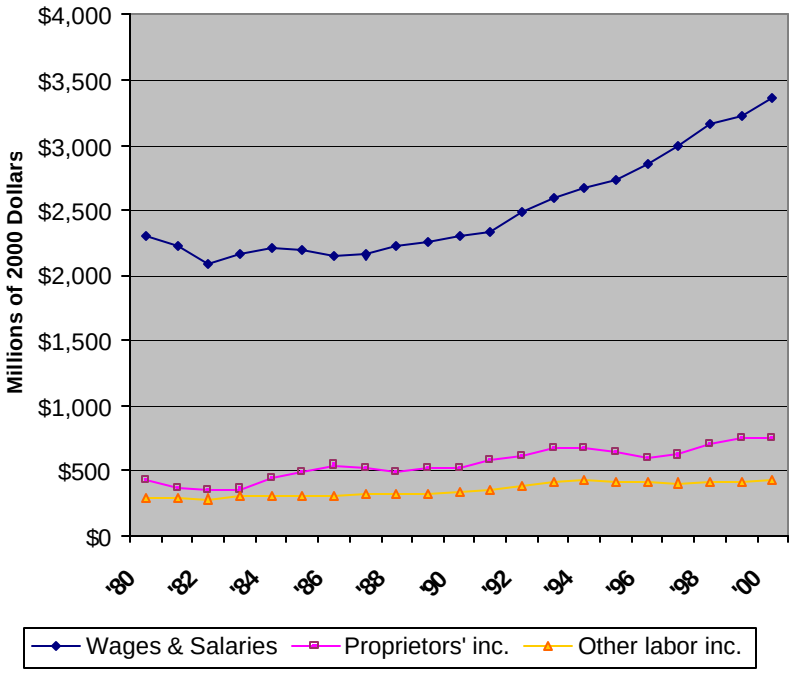
Income Composition by County in 2000



Labor Earnings Growth by Major Category in the Clark Fork Basin Area

Labor income includes employment earnings by wage and salary workers, as well as self-employment earnings by proprietors. The chart below shows labor earnings by these two major categories of workers over the last two decades. During the '90s, wage and salary payments rose significantly, reaching about $3.4 billion in 2000.

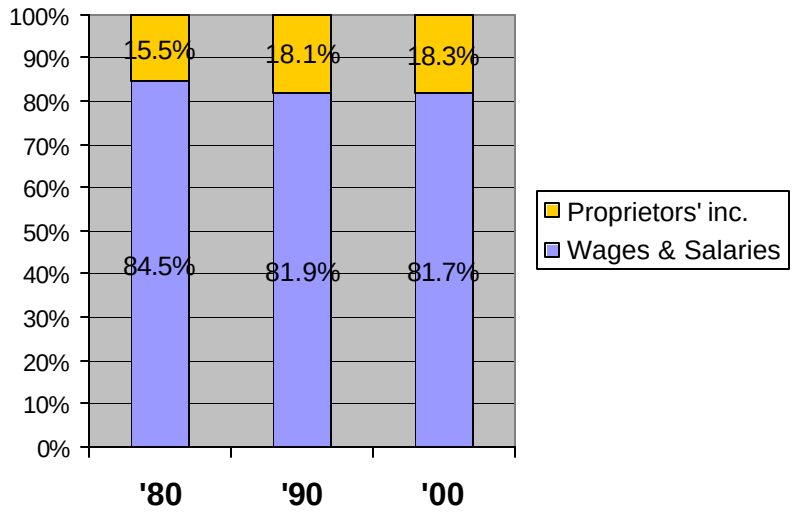
Labor Earnings by Major Category: Wage and Salary vs. Proprietors (Self-employed)



Other labor income in the chart includes payments by employers to retirement and other employee benefit programs.

While labor earnings growth by wage and salary workers in the region have grown steadily and far exceed earnings by proprietors, proprietor earnings have actually grown at a faster rate, increasing their share of total area-wide labor income over time, as shown below.

Labor Earnings Shares: Proprietors vs. Wage and Salary Workers



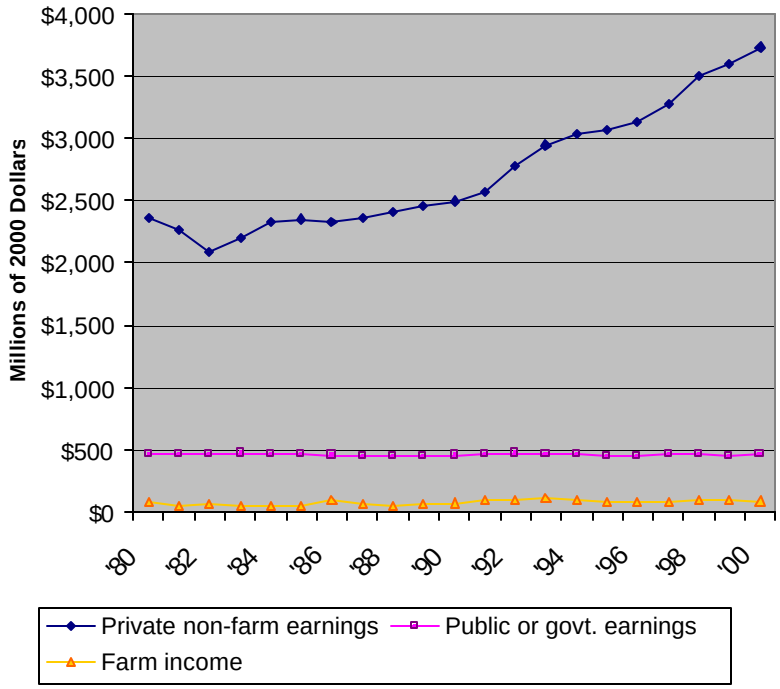
In 2000 proprietors' income accounted for 18.3 percent of all labor income, which is up from 15.5 percent in 1980 and 18.1 percent in 1990. Wage and salary workers accounted for about 82 percent of all labor earnings in 2000, down from 84.5 percent twenty years earlier in 1980. This split in labor earnings between proprietors and wage and salary workers is fairly typical of what is found in many other regions of the U.S.

Another major breakdown of labor income is according to private versus public sources.

Labor Earnings in the Clark Fork Basin from Private and Public Sources

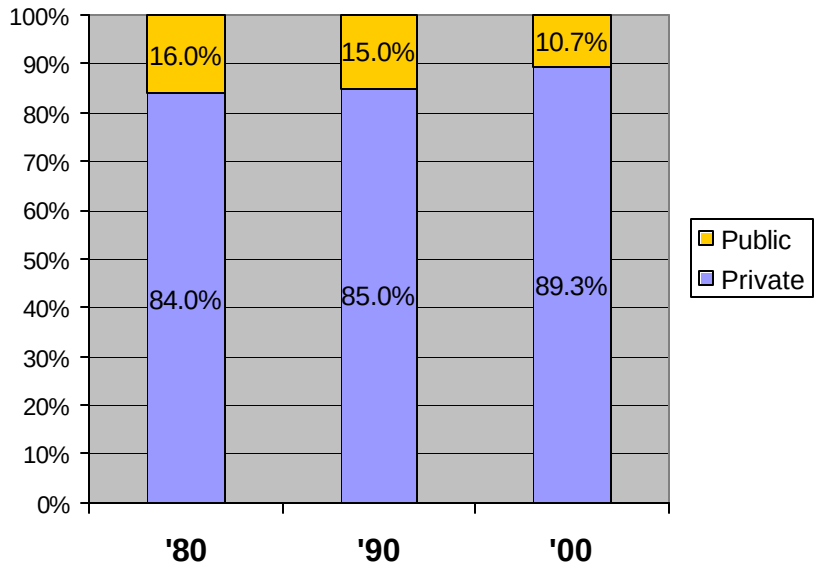
Labor earnings by workers in the 11-county Clark Fork Basin stemming from private employment versus public or government employment are shown in the chart below. Public sources include workers in the area employed in state and federal government, the U.S. military, and by local government. Included in local government is city and county workers and also public education or school workers.

Labor Earnings by Private vs. Public (Govt.)



Earnings by workers in the public sector as a whole have remained relati vely flat over time, while private sector labor earnings have grown significantly. Government employment of some type accounted for only a little over 10 percent of all labor earnings area-wide in 2000, down from 16 percent twenty years earlier.

Labor Earnings Shares: Public vs. Private Sources



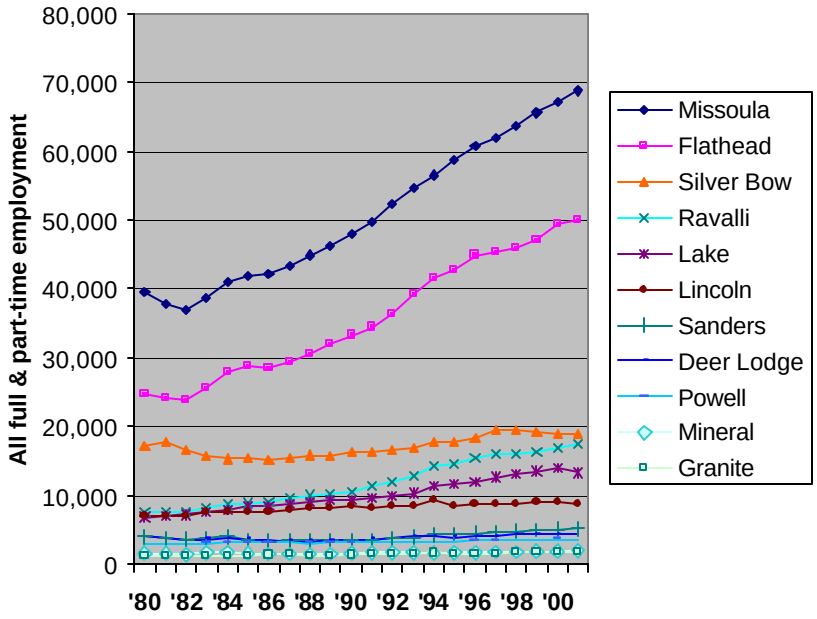
This downward shift in government's share of labor income is in part the result of constraints placed on government budgets and spending by local public schools, city and county governments, and state and federal agencies. Conversely, private labor earnings essentially grow as the area's economy grows, unconstrained by tax and public revenue bottlenecks and restrictions.

Trends in the Growth in Total Employment in the Clark Fork Basin Area

As the population of the area has grown, increasing fairly sharply in the last decade, and with growth in personal income, has come growth in employment. Employment growth can both precede or follow population and income growth – i.e., sometimes people follow jobs to an area and sometimes jobs

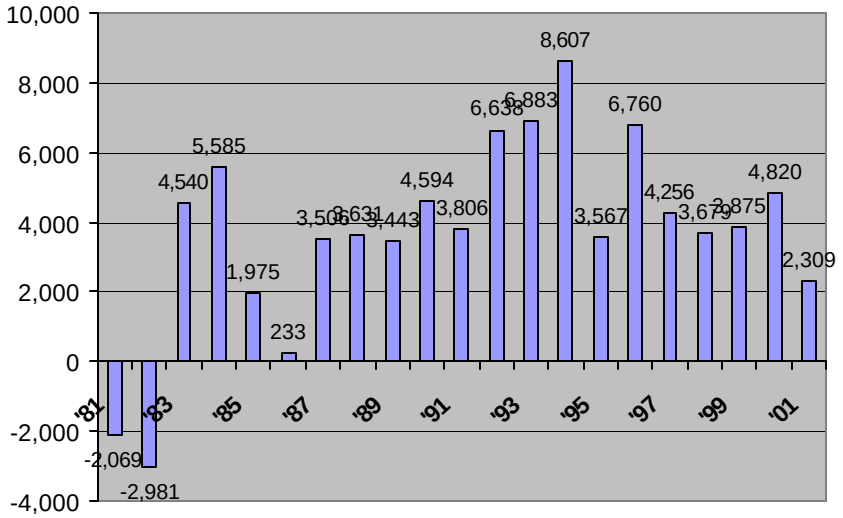
follow people, as occurs with major shifts in migration patterns not necessarily attached to shifts in employment. The chart below shows total employment over time for area counties.

Employment Trends: Clark Fork Basin Counties



Total employment, both full and part-time, rose from 117,000 jobs in 1980 to 139,00 in 1990 – an increase of 22,000 jobs or 19 percent. Employment reached 192,000 in 2000, an increase of 53,000 jobs or 38 percent over the decade. The chart below shows year-by-year job growth area-wide.

Annual Employment Change in the Area



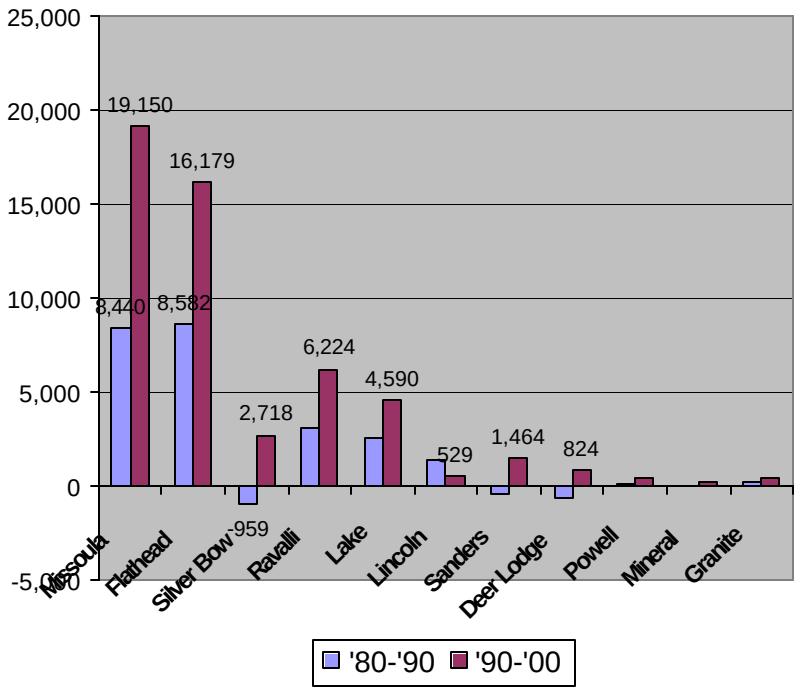
The area emerged from employment losses in the early '80s and added significant employment yearly for most of the last 15 years. Missoula County accounts for 35 percent of all area employment. Flathead accounts for 26 percent, Silver Bow for 10 percent, and Ravalli for 9 percent. Missoula and Flathead counties together account for over 60 percent of area jobs. The four counties together account for 80 percent.

Distribution of Employment Gains by County in the Clark Fork Basin

Employment in the Clark Fork basin area has grown steadily in recent years and the faster growth of the last decade was spread throughout the entire basin area. Job growth in the 1990s totaled around 53,000, a 38 percent increase, versus

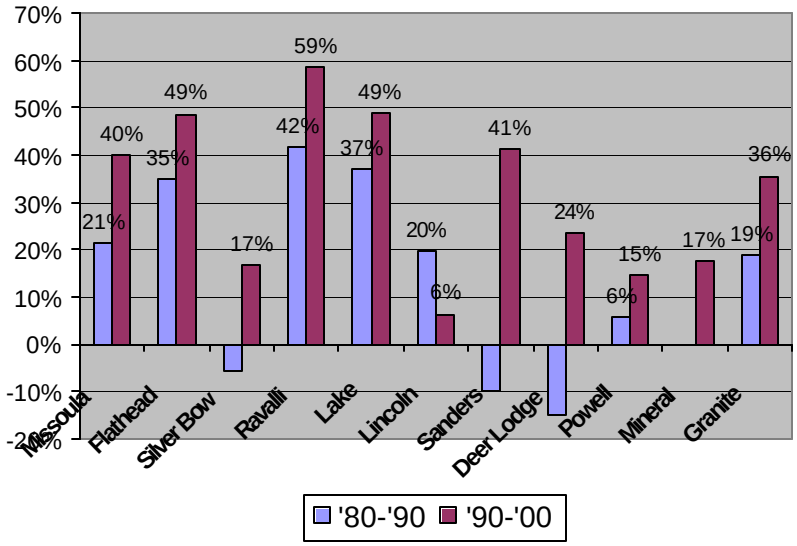
job growth of 22,000 in the 1980s, a 19 percent increase basin-wide. The chart below shows job growth by county for the two periods.

Total Employment Change: 1980s vs. 1990s



Only one of the eleven counties saw lower job growth in the 1990s than the previous decade (Lincoln County). Job growth more than doubled in Missoula County, up from 8,440 in the 1980s to 19,150 in the 1990s. And the number of new jobs in Flathead County nearly doubled. Relative rates of job expansion from one county to the next, or percentage changes, are shown below.

Percent Employment Change: 1980s vs. 1990s

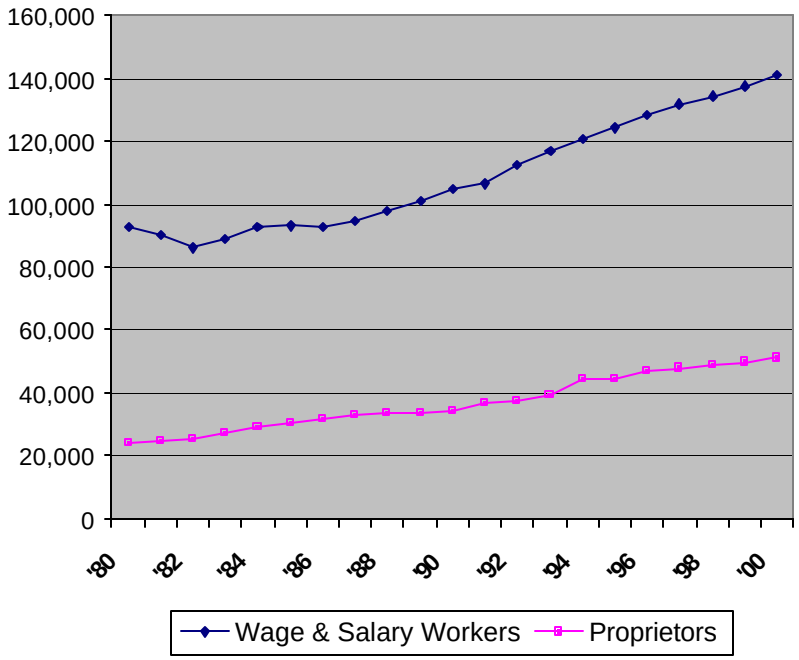


The fastest rate of employment growth is in Ravalli County, with jobs rising by 59 percent in the '90s. Job growth in Flathead County was second fastest at 49 percent, followed by Sanders (41%), Missoula (40%), and Granite (36%). Again, employment growth was up considerably area-wide, with the exception of Lincoln County.

Employment Growth by Major Category in the Clark Fork Basin Area

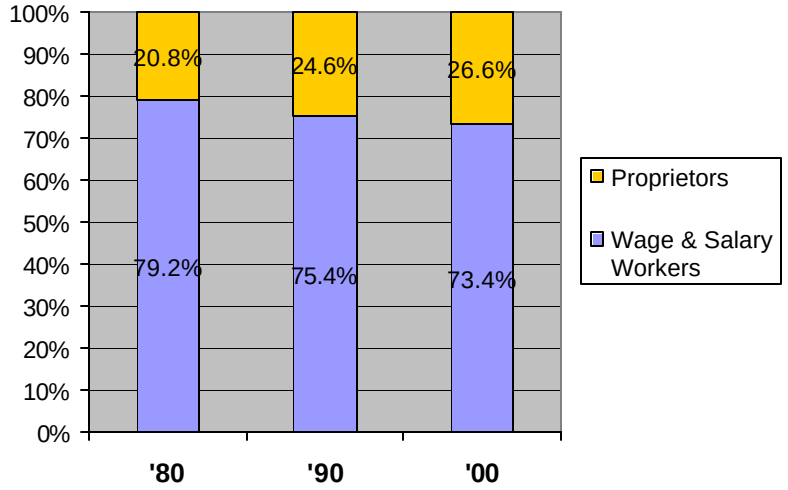
The two major categories of employment are wage and salary workers – persons who work for an employer for a wage or salary – and proprietors or self-employed persons. The chart below shows employment growth in the area for these two categories of employment.

Employment by Major Category: Wage and Salary vs. Proprietors (Self-employed)



Wage and salary employment stood at 141,000 jobs in 2000, up from 105,000 in 1990 and 93,000 in 1980. Proprietor employment in 2000 was 51,000, up from 34,000 in 1990 and 24,000 in 1980. Proprietor employment actually grew faster than wage and salary employment in the '90s, rising by 49 percent as compared to a 34 percent gain in wage and salary employment. This has increased proprietors' share of total employment over time.

Total Employment Shares: Prorietors vs. Wage and Salary Workers



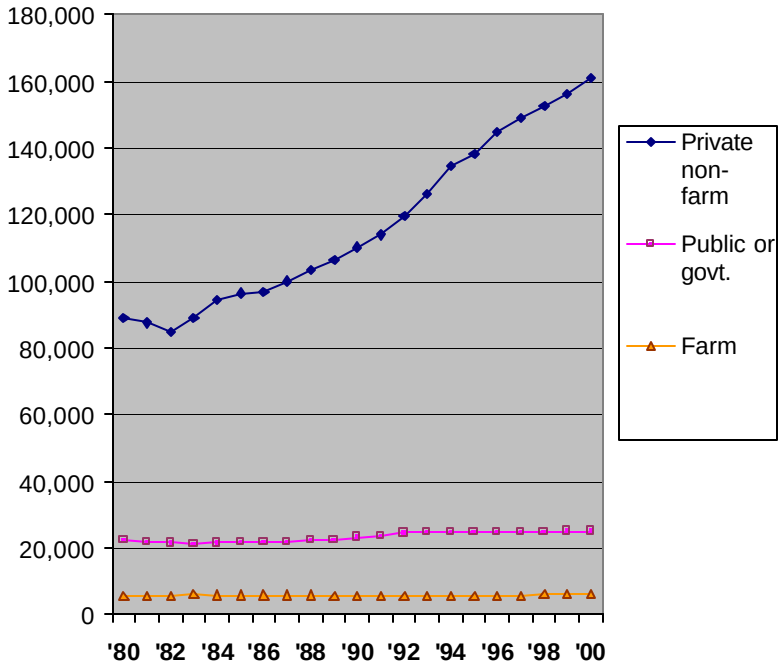
In 2000 proprietor employment or self-employment accounted for nearly 27 percent of all employment, up from 21 percent in 1980. The share of total employment by wage and salary workers in the area fell from 79 percent in 1980 to 73 percent in 2000. As mentioned previously, wage and salary workers accounted for 82 percent of all labor earnings in 2000. This suggests that many proprietor jobs in the area are part-time or are low-paying, since their share of all labor earnings in 2000 was 18 percent, while accounting for 27 percent of all jobs. In many areas, self employment jobs are "done on the side" by many workers who otherwise work in some type of wage and salary employment.

Employment in the Clark Fork Basin by Private and Public or Government Employers

Most of the employment growth occurring in the area is in private sector jobs rather than government jobs, or

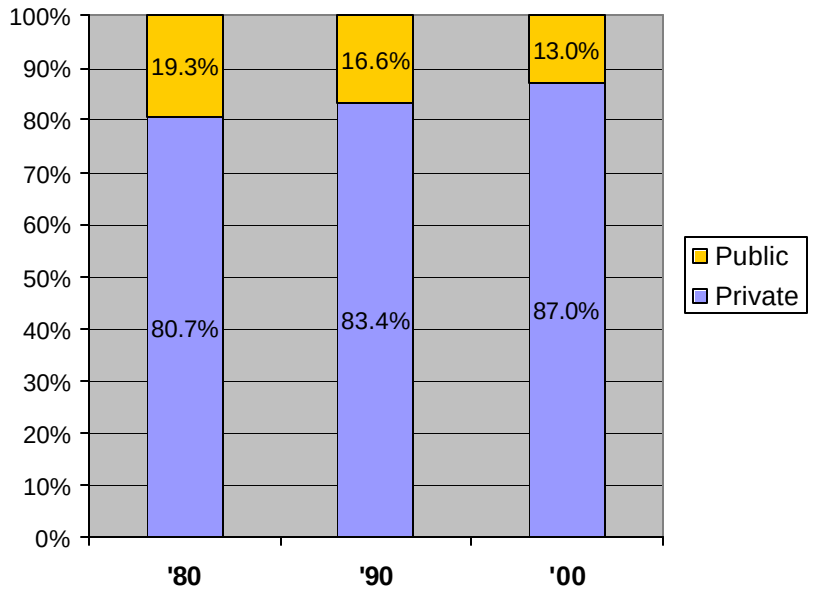
employment in local public education and city and county government, or by state or federal departments or entities, including state-supported education. Private sector jobs totaled 161,000 in 2000, up from 110,000 in 1990 and 89,000 in 1980. Public sector jobs totaled 25,000 in 2000, up only modestly from 22,000 in 1980.

Employment by Private vs. Public (Govt.)



In the last decade, private sector jobs in the area grew by 51,000, an increase of 46 percent.
Public sector jobs grew by only 1,815 or around 8 percent. As a result, the private sector's share of total employment in the area has steadily risen from 81 percent of all jobs in 1980 to 87 percent twenty years later in 2000.

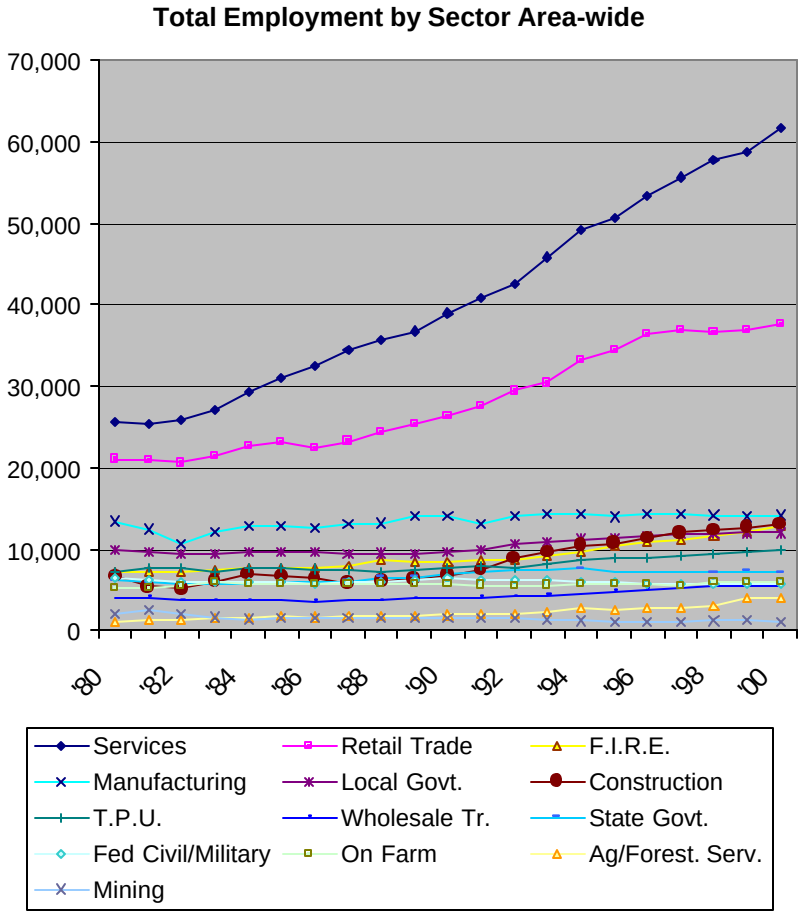
Total Employment: Public vs. Private

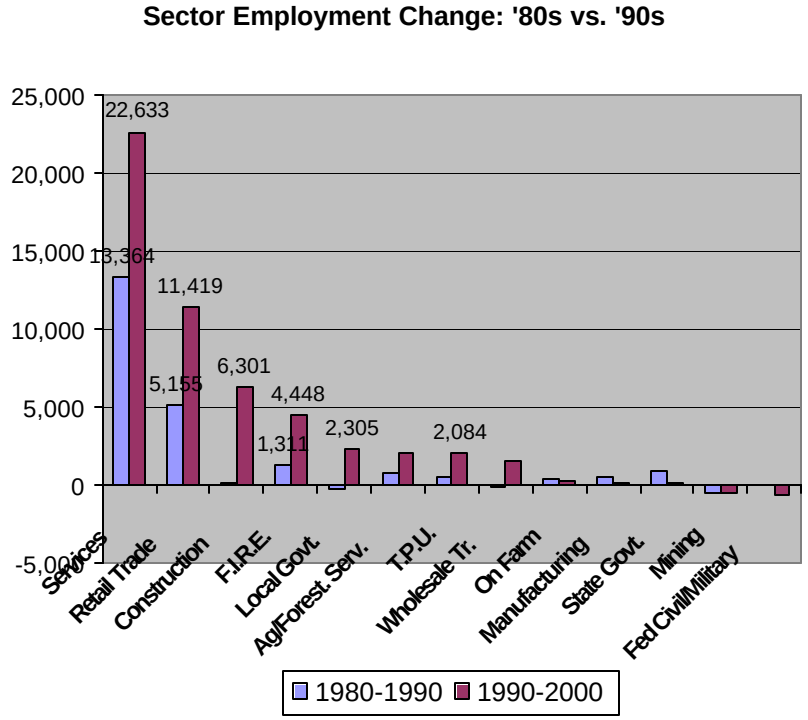


This reduction in the share of public sector jobs, including jobs in public education, is occurring largely because growth in governmental areas has been tightly constrained in recent years, particularly constrained by tax and revenue measures and structures that have restricted growth in these areas below rates of growth in the area economy more generally. Hence, even as the area's population grows and the income base rises, schools are closed and governmental services are strained. These have not increased at the same pace as general growth in the area's economy.

Growth in Employment by Major Sector in the Clark Fork Basin

There are 13 major sectors of the economy and variations in growth among these reflect fundamental changes in the direction of the economy. The chart below shows employment change among these major sectors over time.



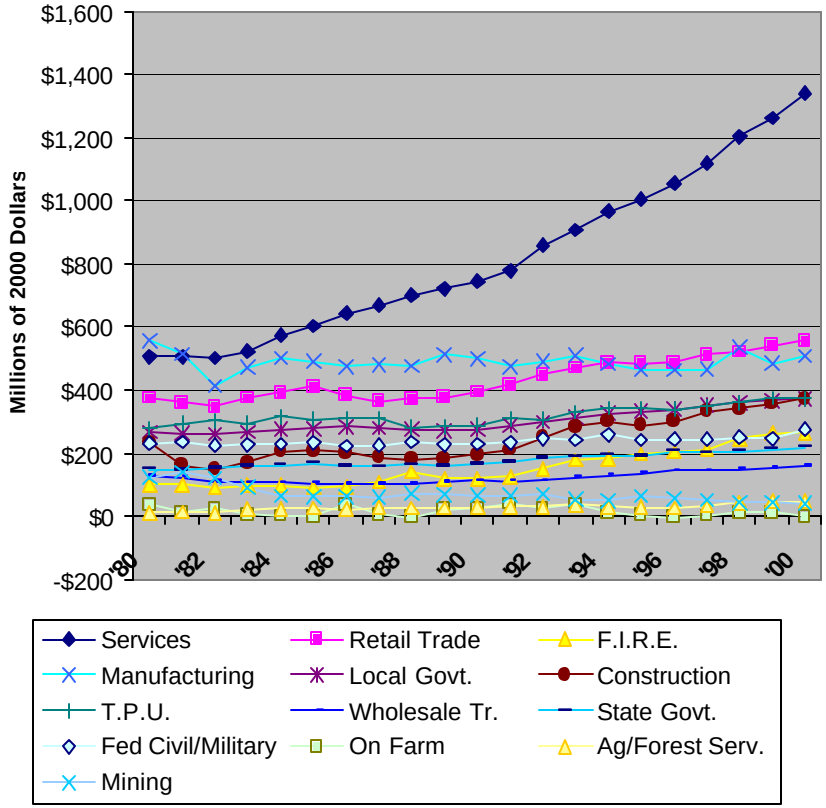


Between 1990 and 2000, total employment grew by 53,000 jobs area-wide and new jobs in the services sector accounted for almost 23,000 of these, 43 percent of all new jobs. Retail trade jobs grew by 11,400, accounting for 22 percent of all new jobs. Construction employment grew by 6,300 jobs, accounting for 12 percent of all new jobs during the decade. And job expansion in finance, insurance, and real estate (F.I.R.E.) of 4,448 accounted for almost 9 percent of new jobs. Job growth in local government, T.P.U., and wholesale trade were modest. And there was little growth in the other sectors and actual employment decline in mining and in federal civilian government employment and the military.

Trends in Sector Labor Earnings Growth in the Clark Fork Basin

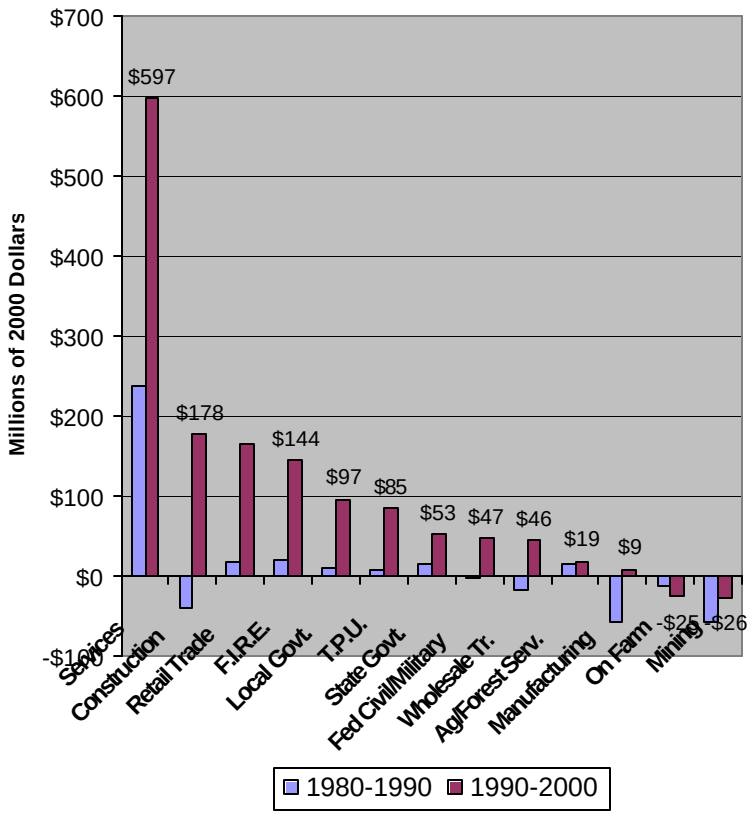
Sector growth and change can also be examined using labor earnings. The chart below shows sector labor income over time area-wide.

Labor Earnings by Sector in the Clark Fork Basin



Service sector expansion is the biggest contributor to labor earnings growth in the area by far. During the '90s, services grew by nearly $600 million.

Sector Labor Income Change: '80s vs. '90s



Labor income growth for persons employed in services accounted for over 43 percent of all labor income gains in the area. Construction growth was second, but far behind services, followed by retail trade, F.I.R.E., local government, and T.P.U. Farming and mining both suffered declines in labor earnings.

The distribution of these sector level changes among counties in the area is examined in tables which follow.

Sector-level Employment and Labor Income Changes by County

The tables which follow present profiles of employment and labor income change for each area county. Counties appear in the tables generally by population size, beginning with the three regional population center counties – Missoula, Flathead, and Silver Bow – followed by the next largest county – Ravalli – and so forth. Area-wide totals are profiled at the end of each table. In each profile, sectors are listed top to bottom by amount of employment growth and labor income growth during the last decade.

Regional Center Counties in the Area

Missoula

In 2000 total employment in the area's most populated county exceeded 67,000, with over 23,000 of these in services. Jobs grew by 19,150 during the '90s, with 8,700 new jobs in services and 4,500 new jobs in retail trade. These two sectors alone accounted for 70 percent of all new jobs. The highest percentage increase inwas in construction. Private employment in Missoula County grew by 47 percent during the '90s, as compared to growth of only 8 percent by all government employment. Missoula accounted for 36 percent of all job growth in the area.

Flathead

Flathead County accounted for nearly 31 percent of all job growth in the 11-county area during the '90s. Total employment grew from around 25,000 jobs in 1980 to 33,000 in 1990 and to over 49,000 in 2000. Services accounted for nearly 6,000 of all new jobs in the '90s, followed by retail trade with 3,500 new jobs and construction with 2,300. This growth in construction more than doubled employment in this sector. Manufacturing employment also increased substantially in Flathead County. Employment growth was heavily concentrated in private jobs, as these grew by 55 percent during the '90s as compared to 13 percent growth in public sector jobs.

Silver Bow

Silver Bow County has the third highest employment among counties in the area, but employment has grown much slower here than in many other counties. Jobs overall grew by only 17 percent during the last decade, with all of this growth in private sector jobs. Public sector jobs actually declined. Services led job growth with 1,600, followed by retail trade. Manufacturing jobs expanded in the county, while mining jobs continued to decline.

Ravalli

Of the 8 counties in the area that aren't regional centers, Ravalli County has the highest employment with nearly 17,000 jobs in 2000. It also had the highest overall employment growth during the '90s at 59 percent, largely linked to high population growth in the county. Private sector jobs grew by 73 percent versus growth of 28 percent in public sector jobs. Services and retail trade accounted for half of all new jobs, followed by construction, which increased by over 150 percent.

Lake

Employment totaled nearly 14,000 in Lake County in 2000, a nearly 50 percent increase from ten years previously. Job growth was focused in private sector employment, up 67 percent in the '90s versus 12 percent by the public

sector. Service sector expansion accounted for nearly half of all job growth, up 82 percent during the '90s. Manufacturing also increased significantly, rising by 92 percent and more than 700 jobs.

Lincoln

Total employment in the county stood at nearly 9,000 in 2000, but growth was very slow with jobs increasing by only 6 percent over the entire decade. The county suffered large declines in manufacturing and mining employment. Gains were focused in services, retail trade, and construction, as well as finance, insurance, and real estate.

Sanders

Total employment in Sanders County had declined during the decade of the '80s, falling from nearly 4,000 jobs to less than 3,600. However, growth returned in the '90s with jobs increasing by over 40 percent. Services led job expansion, followed by retail trade, construction, and finance, insurance, and real estate (F.I.R.E.).

Deer Lodge

Overall employment in Deer Lodge County fell through the 1980s. But job growth during the last decade more than off-set these previous losses. However, job growth in the county is relatively slow, with growth focused in services and construction and declines focused in state government.

Powell

Employment has been steadily growing in Powell County over the last two decades, but this growth is slow. Jobs in services, state government, and manufacturing have risen, while mining continues to decline.

Mineral

Employment growth was flat in the county during the 1980s and only increased modestly in the decade of the 1990s, with new jobs increasing by only 17 percent. Overall employment in the county is relatively small at just over 1,800 in 2000.

Granite

Total employment in Granite County also is relatively small at just over 1,800 jobs in 2000. However, job growth increased significantly in the last decade, with new employment focused in services and construction, and with some increases in mining and retail trade.

Area-wide Employment Profile

Across the 11-county area, employment grew by 38 percent during the '90s, increasing by 53,000. Growth was significantly higher than the previous decade when total employment rose by only 22,000 jobs and 19 percent. Private sector employment grew by 46 percent, as compared to modest growth of only 8 percent in public sector jobs.

Job growth was focused in services – up by nearly 23,000 jobs or 43 percent of all new jobs. Retail trade employment grew by 11,400, accounting for over 21 percent of new jobs. Construction employment increased by 92 percent, with this whopping increase following area population and income expansion during the '90s. Employment in mining, U.S. military, and the federal civilian government as declined in the last decade, and manufacturing employment grow by only 5 percent. However, manufacturing employment in many areas of the U.S. has been in decline.

	'80	'90	'00	Change: '90-'00	
Missoula					
Total employment	39,606	48,046	67,196	*19,150*	*40%*
Private non-farm	31,491	39,015	57,356	*18,341*	*47%*
All Govt. employment	7,619	8,462	9,162	*700*	*8%*
Farm employment	496	569	678	*109*	*19%*
Major Non-farm Sectors .. Rank ordered by employment growth, 1990-2000					
Services	9,046	14,429	23,150	***8,721***	*60%*
Retail trade	7,236	9,395	13,887	*4,492*	*48%*
Construction	2,733	2,287	4,068	*1,781*	***78%***
Finance, insur., real est.	2,723	3,058	4,655	*1,597*	*52%*
Tanspt. & Utilities	2,861	2,934	4,157	*1,223*	*42%*
Wholesale trade	1,867	1,869	2,724	*855*	*46%*
Local govt.	2,488	2,565	3,175	*610*	*24%*
Ag & forestry service	205	484	901	*417*	*86%*
State govt.	3,134	3,895	4,091	*196*	*5%*
Fed civilian govt.	1,531	1,377	1,389	*12*	*1%*
Mining	167	103	83	*-20*	*-19%*
U.S. military	466	625	507	*-118*	*-19%*
Manufacturing	4,653	4,456	3,731	*-725*	*-16%*
Flathead					
Total employment	24,705	33,287	49,466	*16,179*	*49%*
Private non-farm	20,223	28,152	43,728	*15,576*	*55%*
All Govt. employment	3,507	4,141	4,686	*545*	*13%*
Farm employment	975	994	1,052	*58*	*6%*
Major Non-farm Sectors .. Rank ordered by employment growth, 1990-2000					
Services	4,968	9,831	15,754	***5,923***	*60%*
Retail trade	4,634	6,453	9,929	*3,476*	*54%*
Construction	1,626	1,925	4,206	*2,281*	***118%***
Finance, insur., real est.	1,821	2,428	3,849	*1,421*	*59%*
Manufacturing	4,095	4,141	5,111	*970*	*23%*
Ag & forestry service	273	501	1,228	*727*	*145%*
Local govt.	2,026	2,322	2,898	*576*	*25%*
Tanspt. & Utilities	1,927	1,808	2,228	*420*	*23%*
Wholesale trade	862	970	1,196	*226*	*23%*
Mining	17	95	227	*132*	*139%*
State govt.	420	495	551	*56*	*11%*
Fed civilian govt.	743	865	848	*-17*	*-2%*
U.S. military	318	459	389	*-70*	*-15%*

	'80	'90	'00	Change: '90-'00	
Lake					
Total employment	17,239	16,280	18,998	*2,718*	*17%*
Private non-farm	13,646	13,305	16,252	*2,947*	*22%*
All Govt. employment	3,461	2,638	2,586	*-52*	*-2%*
Farm employment	1,173	1,328	1,488	*160*	*12%*
Major Non-farm Sectors .. Rank ordered by employment growth, 1990-2000					
Services	4,923	5,193	6,790	*1,597*	*31%*
Retail trade	3,559	3,467	4,410	*943*	*27%*
Manufacturing	582	792	1,523	*731*	*92%*
Construction	768	700	812	*112*	*16%*
Ag & forestry service	34	68	156	*88*	*129%*
Wholesale trade	855	594	636	*42*	*7%*
Finance, insur., real est.	842	933	960	*27*	*3%*
Local govt.	1,849	1,193	1,216	*23*	*2%*
State govt.	900	824	845	*21*	*3%*
Fed civilian govt.	467	339	328	*-11*	*-3%*
Tanspt. & Utilities	720	1,427	1,381	*-46*	*-3%*
U.S. military	245	282	197	*-85*	*-30%*
Mining	1,300	540	370	*-170*	*-31%*
Fed civilian govt.	273	291	162	*-129*	*-44%*
Lincoln					
Total employment	7,028	8,409	8,938	*529*	*6%*
Private non-farm	5,202	6,680	7,142	*462*	*7%*
All Govt. employment	1,579	1,463	1,492	*29*	*2%*
Farm employment	247	266	304	*38*	*14%*
Major Non-farm Sectors .. Rank ordered by employment growth, 1990-2000					
Services	1,200	1,587	2,208	*621*	*39%*
Retail trade	1,093	1,303	1,531	*228*	*17%*
Construction	420	364	587	*223*	*61%*
Finance, insur., real est.	291	358	526	*168*	*47%*
Ag & forestry service	168	241	380	*139*	*58%*
Local govt.	619	704	825	*121*	*17%*
Wholesale trade	92	193	442	*249*	*129%*
Manufacturing	685	1,182	1,422	*240*	*20%*
Tanspt. & Utilities	376	492	694	*202*	*41%*
Fed civilian govt.	549	454	483	*29*	*6%*
State govt.	99	67	74	*7*	*10%*
U.S. military	134	193	189	*-4*	*-2%*
Mining	10	481	41	*-440*	*-92%*
Manufacturing	1,430	1,880	1,401	*-479*	*-25%*

	'80	'90	'00	Change: '90-'00	
Ravalli					
Total employment	7,490	10,618	16,842	*6,224*	*59%*
Private non-farm	4,882	7,659	13,625	*5,766*	*73%*
All Govt. employment	1,492	1,542	1,976	*434*	*28%*
Farm employment	1,116	1,217	1,241	*24*	*2%*
Major Non-farm Sectors .. Rank ordered by employment growth, 1990-2000					
Services	1,353	2,549	4,457	*1,908*	***75%***
Retail trade	1,288	1,768	3,006	*1,238*	***70%***
Construction	437	637	1,621	*984*	***154%***
Finance, insur., real est.	514	687	1,359	*672*	***98%***
Local govt.	710	828	1,230	*402*	*49%*
Ag & forestry service	121	275	583	*308*	*112%*
Wholesale trade	61	193	442	*249*	*129%*
Manufacturing	451	1,182	1,422	*240*	*20%*
Tanspt. & Utilities	82	108	109	*1*	*1%*
Fed civilian govt.	109	92	90	*-2*	*-2%*
U.S. military	105	135	98	*-37*	*-27%*
State govt.	746	532	479	*-53*	*-10%*
Mining	160	33	41	*8*	*24%*

	'80	'90	'00	Change: '90-'00	
Powell					
Total employment	2,979	3,144	3,605	*461*	*15%*
Private non-farm	1,726	1,723	2,056	*333*	*19%*
All Govt. employment	906	1,033	1,157	*124*	*12%*
Farm employment	347	388	392	*4*	*1%*
Major Non-farm Sectors .. Rank ordered by employment growth, 1990-2000					
Services	545	514	640	*126*	*25%*
State govt.	501	644	732	*88*	*14%*
Manufacturing	183	312	393	*81*	*26%*
Ag & forestry service	74	41	116	*75*	*183%*
Construction	66	64	139	*75*	*117%*
Tanspt. & Utilities	100	55	105	*50*	*91%*
Local govt.	314	259	302	*43*	*17%*
Finance, insur., real est.	130	127	165	*38*	*30%*
Retail trade	432	426	460	*34*	*8%*
Fed civilian govt.	50	79	86	*7*	*9%*
Wholesale trade	22	10	15	*5*	*50%*
U.S. military	41	51	37	*-14*	*-27%*
Mining	170	180	23	*-157*	*-87%*
Mineral					
Total employment	1,570	1,564	1,837	*273*	*17%*
Private non-farm	1,053	1,157	1,411	*254*	*22%*
All Govt. employment	449	334	340	*6*	*2%*
Farm employment	68	73	86	*13*	*18%*
Major Non-farm Sectors .. Rank ordered by employment growth, 1990-2000					
Retail trade	357	318	464	*146*	*46%*
Services	184	356	443	*87*	*24%*
Local govt.	256	178	221	*43*	*24%*
Construction	27	52	91	*39*	*75%*
Tanspt. & Utilities	102	41	80	*39*	*95%*
Finance, insur., real est.	37	33	60	*27*	*82%*
Mining	26	3	25	*22*	*733%*
Ag & forestry service	5	31	40	*9*	*29%*
U.S. military	22	25	20	*-5*	*-20%*
State govt.	68	45	40	*-5*	*-11%*
Wholesale trade	5	14	7	*-7*	*-50%*
Fed civilian govt.	103	86	59	*-27*	*-31%*
Manufacturing	310	309	199	*-110*	*-36%*

	'80	'90	'00	Change: '90-'00	
Missoula	*Millions of 2000 Dollars*			*amt.*	*%*
Workplace labor income	$1,078.6	$1,149.3	$1,761.4	*$612.1*	*53%*
Private non-farm	$853.4	$908.1	$1,438.0	*$530.0*	*58%*
All Govt. labor inc.	$221.9	$240.8	$327.1	*$86.3*	*36%*
Farm income	$3.3	$0.4	-$3.8	*-$4.2*	*-968%*
Major Non-farm Sectors (labor earnings) .. Rank ordered by growth, 1990-2000					
Services	$187.0	$299.1	$560.3	***$261.2***	*87%*
Finance, insur., real est.	$41.9	$46.1	$119.0	*$72.9*	***158%***
Retail trade	$131.7	$146.9	$214.9	*$68.0*	*46%*
Construction	$111.7	$79.9	$136.1	*$56.2*	*70%*
Transpt. & Utilities	$115.4	$108.0	$161.5	*$53.6*	*50%*
State govt.	$68.7	$80.5	$118.8	*$38.3*	*48%*
Local govt.	$70.8	$79.5	$109.6	*$30.1*	*38%*
Wholesale trade	$59.5	$57.5	$87.0	*$29.5*	*51%*
Fed. Civilian govt.	$78.1	$72.6	$91.0	*$18.4*	*25%*
Ag & forestry services	$2.9	$8.3	$13.1	*$4.7*	*57%*
Mining	$9.1	$1.1	$2.2	*$1.1*	*97%*
U.S. military	$4.3	$8.3	$7.8	*-$0.5*	*-6%*
Manufacturing	$194.2	$161.2	$144.0	*-$17.2*	*-11%*

Flathead	*Millions of 2000 Dollars*			*amt.*	*%*
Workplace labor income	$654.6	$757.1	$1,149.8	*$392.7*	*52%*
Private non-farm	$545.6	$627.8	$982.7	*$355.0*	*57%*
All Govt. labor inc.	$101.5	$125.0	$167.0	*$42.0*	*34%*
Farm income	$7.5	$4.4	$0.1	*-$4.3*	*-97%*
Major Non-farm Sectors (labor earnings) .. Rank ordered by growth, 1990-2000					
Services	$104.7	$182.1	$329.5	***$147.4***	*81%*
Construction	$47.7	$51.7	$122.6	*$70.9*	***137%***
Retail trade	$82.3	$95.8	$148.1	*$52.3*	*55%*
Finance, insur., real est.	$22.1	$33.0	$74.7	*$41.7*	***127%***
Local govt.	$53.8	$66.8	$92.8	*$26.0*	*39%*
Transpt. & Utilities	$78.5	$66.4	$78.7	*$12.3*	*18%*
Manufacturing	$177.0	$165.2	$177.3	*$12.1*	*7%*
Fed. Civilian govt.	$33.3	$39.1	$51.0	*$11.9*	*30%*
Wholesale trade	$26.7	$24.4	$32.7	*$8.4*	*34%*
Ag & forestry services	$3.2	$6.5	$12.8	*$6.4*	*98%*
State govt.	$11.6	$13.6	$17.6	*$4.0*	*30%*
Mining	$3.5	$2.8	$6.4	*$3.6*	*126%*
U.S. military	$2.8	$5.5	$5.5	*$0.1*	*1%*

	'80	'90	'00	Change: '90-'00	
Lake	*Millions of 2000 Dollars*			*amt.*	*%*
Workplace labor income	$130.7	$169.6	$261.3	*$91.7*	*54%*
Private non-farm	$86.1	$126.9	$218.2	*$91.3*	*72%*
All Govt. labor inc.	$32.5	$38.0	$43.5	*$5.5*	*14%*
Farm income	$12.1	$4.6	-$0.4	*-$5.1*	*-109%*
Major Non-farm Sectors (labor earnings) .. Rank ordered by growth, 1990-2000					
Services	$24.0	$46.1	$96.7	*$50.5*	***110%***
Manufacturing	$16.3	$20.1	$37.3	*$17.2*	*86%*
Local govt.	$16.6	$20.6	$30.2	*$9.6*	*47%*
Construction	$10.7	$12.3	$21.2	*$9.0*	*73%*
Finance, insur., real est.	$5.4	$6.1	$10.9	*$4.8*	*79%*
Transpt. & Utilities	$5.0	$8.4	$12.5	*$4.2*	*50%*
Retail trade	$19.0	$29.0	$31.7	*$2.7*	*9%*
Ag & forestry services	$1.9	$1.8	$3.0	*$1.2*	*67%*
Wholesale trade	$2.9	$2.7	$3.8	*$1.1*	*42%*
State govt.	$3.6	$3.3	$4.2	*$0.9*	*27%*
Mining	$1.0	$0.5	$1.1	*$0.6*	*132%*
U.S. military	$0.9	$1.9	$1.9	*$0.0*	*1%*
Fed. Civilian govt.	$11.4	$12.2	$7.2	*-$5.0*	*-41%*
Lincoln	*Millions of 2000 Dollars*			*amt.*	*%*
Workplace labor income	$189.5	$207.5	$193.2	*-$14.3*	*-7%*
Private non-farm	$139.5	$162.1	$136.8	*-$25.2*	*-16%*
All Govt. labor inc.	$49.2	$46.2	$56.3	*$10.1*	*22%*
Farm income	$0.8	-$0.8	$0.1	*$0.8*	*-108%*
Major Non-farm Sectors (labor earnings) .. Rank ordered by growth, 1990-2000					
Services	$16.9	$23.1	$34.9	*$11.7*	*51%*
Fed. Civilian govt.	$29.9	$22.4	$28.8	*$6.4*	*28%*
Finance, insur., real est.	$3.1	$2.9	$7.7	*$4.8*	*166%*
Local govt.	$15.6	$19.5	$22.8	*$3.3*	*17%*
Transpt. & Utilities	$16.6	$12.4	$14.4	*$2.0*	*16%*
Construction	$14.7	$11.6	$13.3	*$1.7*	*15%*
State govt.	$2.9	$2.7	$3.3	*$0.6*	*24%*
Retail trade	$16.9	$18.6	$19.1	*$0.5*	*2%*
Ag & forestry services	$1.4	$3.2	$3.1	*-$0.1*	*-3%*
U.S. military	$0.8	$1.6	$1.4	*-$0.2*	*-14%*
Wholesale trade	$2.7	$3.1	$1.9	*-$1.2*	*-38%*
Manufacturing	$58.0	$62.2	$41.5	*-$20.7*	*-33%*
Mining	$9.4	$24.9	$0.9	*-$24.0*	*-96%*

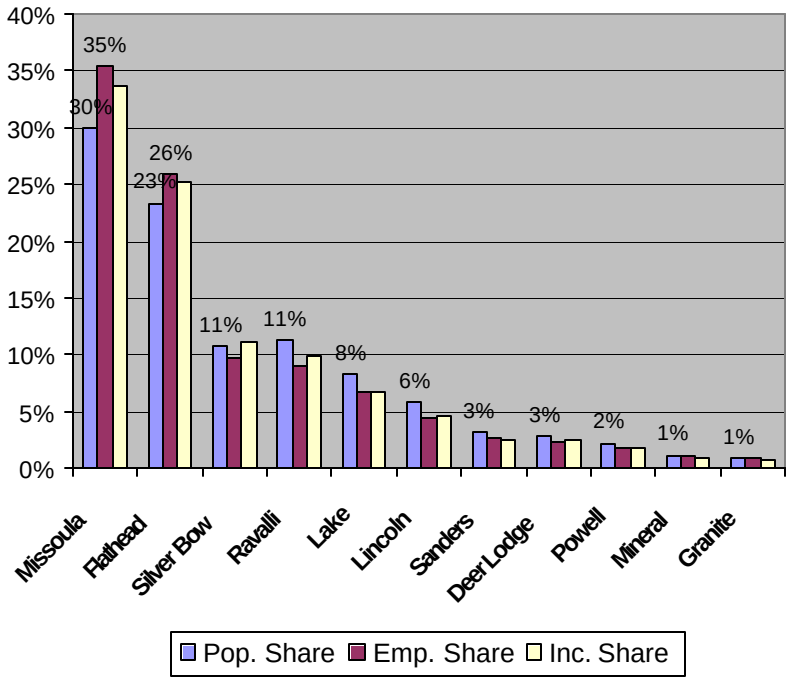
	'80	'90	'00	Change: '90-'00	
Powell	*Millions of 2000 Dollars*			*amt.*	*%*
Workplace labor income	$61.3	$65.2	$81.0	*$15.7*	*24%*
Private non-farm	$37.9	$34.3	$39.9	*$5.6*	*16%*
All Govt. labor inc.	$23.3	$28.7	$37.1	*$8.4*	*29%*
Farm income	$0.1	$2.3	$4.0	*$1.7*	*74%*
Major Non-farm Sectors (labor earnings) .. Rank ordered by growth, 1990-2000					
State govt.	$14.4	$18.3	$23.8	*$5.6*	*31%*
Manufacturing	$5.0	$10.2	$14.5	*$4.3*	*43%*
Services	$8.7	$6.9	$10.1	*$3.2*	*47%*
Local govt.	$6.7	$6.1	$8.2	*$2.0*	*33%*
Transpt. & Utilities	$4.8	$2.1	$3.2	*$1.1*	*51%*
Fed. Civilian govt.	$1.9	$3.7	$4.6	*$0.9*	*24%*
Construction	$1.7	$1.8	$2.5	*$0.6*	*35%*
Ag & forestry services	$0.6	$0.4	$0.9	*$0.5*	*124%*
Finance, insur., real est.	$2.0	$1.6	$1.9	*$0.3*	*22%*
Wholesale trade	$0.6	$0.2	$0.2	*$0.0*	*11%*
U.S. military	$0.3	$0.6	$0.5	*-$0.1*	*-13%*
Retail trade	$7.3	$5.5	$5.2	*-$0.3*	*-5%*
Mining	$7.2	$5.7	$1.4	*-$4.3*	*-75%*

Mineral	*Millions of 2000 Dollars*			*amt.*	*%*
Workplace labor income	$34.3	$32.1	$33.2	*$1.1*	*4%*
Private non-farm	$23.1	$22.5	$21.7	*-$0.9*	*-4%*
All Govt. labor inc.	$10.8	$9.6	$11.5	*$1.9*	*20%*
Farm income	$0.4	-$0.1	$0.0	*$0.1*	*-107%*
Major Non-farm Sectors (labor earnings) .. Rank ordered by growth, 1990-2000					
Retail trade	$4.7	$3.9	$5.3	*$1.4*	*35%*
Local govt.	$5.0	$4.7	$5.9	*$1.2*	*26%*
Services	$1.7	$5.4	$6.7	*$1.2*	*22%*
Construction	$0.6	$1.2	$2.2	*$0.9*	*76%*
Fed. Civilian govt.	$3.7	$3.1	$3.7	*$0.6*	*18%*
Mining	$1.1	$0.0	$0.3	*$0.3*	*650%*
Transpt. & Utilities	$3.4	$1.1	$1.3	*$0.2*	*23%*
State govt.	$1.9	$1.6	$1.7	*$0.1*	*9%*
Finance, insur., real est.	$0.5	$0.4	$0.5	*$0.1*	*27%*
U.S. military	$0.2	$0.3	$0.3	*$0.0*	*-6%*
Ag & forestry services	$0.1	$0.3	$0.2	*-$0.1*	*-36%*
Wholesale trade	$0.2	$0.2	$0.0	*-$0.2*	*-100%*
Manufacturing	$10.8	$9.9	$5.2	*-$4.7*	*-48%*

Concentration of Economic Activity in the Area's Regional Population Centers

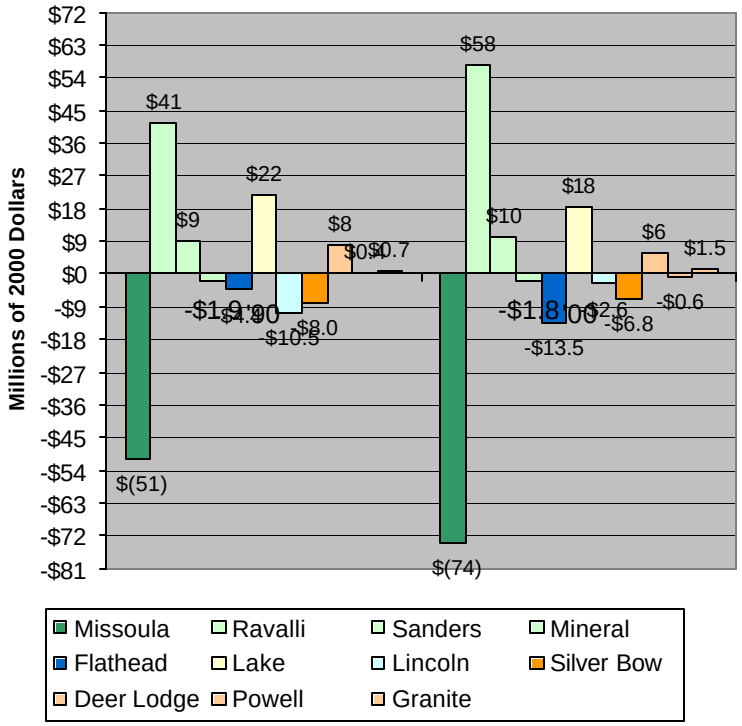
Over 325,000 people now live in the 11-county area, but around 35 percent live in the area's three regional population centers of Missoula (60,000), Butte (32,700), and Kalispell-Whitefish (21,000). The counties in which these three centers are located account for 65 percent of the population. But, as regional employment centers, they account for 70 percent of the entire area's employment.

County Shares of Area Population, Employment, and Income in 2000



While jobs do concentrate in regional employment centers, some income earned in these jcenters flows back out into the larger region. The chart shows net labor income flows for each area county in 1990 and 2000.

County Net Labor Earnings, 1990 vs. 2000



In 2000, $74 million in labor income earned at workplaces in Missoula County (over 4% of the total) flowed out of the county to other counties where workers reside. $13.5 million flowed from Flathead County and $6.8 million flowed from Silver Bow. Ravalli County residents received $58 million in labor earnings at jobs outside of their county, 16 percent of their total labor earnings.

Economic Growth at the Sub-sector Level in the Clark Fork Basin Area

In the pages that follow, labor earnings growth in the area is examined at the sub-sector level – levels below major sectors – for the area's three regional center counties. Together, these three counties account for 70 percent of all area employment. There are 76 sub-sectors of the economy. Sorting these according to labor earnings growth is useful in describing the nature of area economic restructuring. Fast-growing sub-sectors are identified for each of these counties, pointing the direction in which the economy is going. Declining sub-sectors also are identified, which indicates areas that the economy is moving away from. Fast-growth in some areas combined with slow growth or decline in other areas is the essence of economic restructuring.

The Area's Largest Regional Population and Employment Center – Missoula County

During the '90s services grew by over $260 million, accounting for 43 percent of all workplace labor earnings growth in the county. Health care services, the county's single fastest-growing sub-sector, grew by over $100 million. Other fast-growing service sub-sectors are business services, the county's third fastest growing sub-sector which increased by $43 million, and engineering and management services, the county's sixth fastest-growing sub-sector which increased by $29 million. Construction was up considerably, led by special trade contractors – up by $45 million, the second fastest-growing sub-sector in the county. Other fast-growing sub-sectors include real estate, wholesale trade, communications, insurance agents and brokerage services, auto repairs and services, and depository and non-depository financial institutions. Essentially growth has been focused in services, construction, trade, and financial services. Meanwhile, decline has been focused almost exclusively in lumber and wood products manufacturing, which fell by over $18 million in the '90s.

Flathead County

Health care services also are the fastest-growing sub-sector in Flathead County, with a gain of $39 million during the '90s. Other fast-growing service sub-sectors were business services, third fastest with a gain of $26 million, and engineering and management services, fifth fastest with a gain of over $17 million. Hotels and other lodging places grew by $9 million, ninth fastest, and amusement and recreation services grew by more than $7 million, twelfth fastest. Several construction sub-sectors were fast-growing including special trade contractors, up by $34 million, and general building contractors, up by over $11 million. Industrial machinery and equipment manufacturing (in this case, computer component manufacturing by SemiTool) grew by $21 million. Primary metals manufacturing and lumber and wood products manufacturing had the biggest declines.

Silver Bow

Sub-sector growth in Silver Bow County was heavily focused in engineering and management services, up over $13 million. The second fastest-growing sub-sectors is health care services, up $9 million. Labor earnings in business services were fast-growing, up nearly $7 million and more than doubling. Declines were focused in mining, down more than $8 million.

Rapidly Growing and Declining Sub-Sectors in Missoula County

The economy is continually engaged in growth and change. Some segments of the economy grow while others decline and this can lead to considerable economic restructuring.

In 2000 Missoula County accounted for 30 percent of the basin area's total population and over 35 percent of its total employment. The chart shows where labor earnings growth is focused among more than 75 sub-sectors of the economy. Growth is health care services dwarfs' growth in all other areas. Significant growth also is occurring in two other service sub-sectors, business services and engineering and management services. Several construction sub-sectors are fast growing, as is real estate development. Wholesale trade, communications (largely telephone services), and several sub-sectors of the large F.I.R.E. sector are growing. Decline is heavily focused in lumber and wood products manufacturing.

Source: Based upon local income and employment data of the Bureau of Economic Analysis, U.S. Dept. of Commerce.

Rapidly Growing and Declining Sub-Sectors in Flathead County

Just as with Missoula County, employment income or labor earnings growth in Flathead County is focused in health care services and several other service sub-sectors and in construction and real estate development. Flathead accounted for 25 percent of all area employment in 2000. Several F.I.R.E. sub-sectors, including security and commodity brokers and depositories (banks and savings companies, etc.) are fast-growing. There is significant growth in travel-related areas like hotels and lodging places, amusement and recreation services, auto dealers and service stations, food stores, and general merchandise stores.

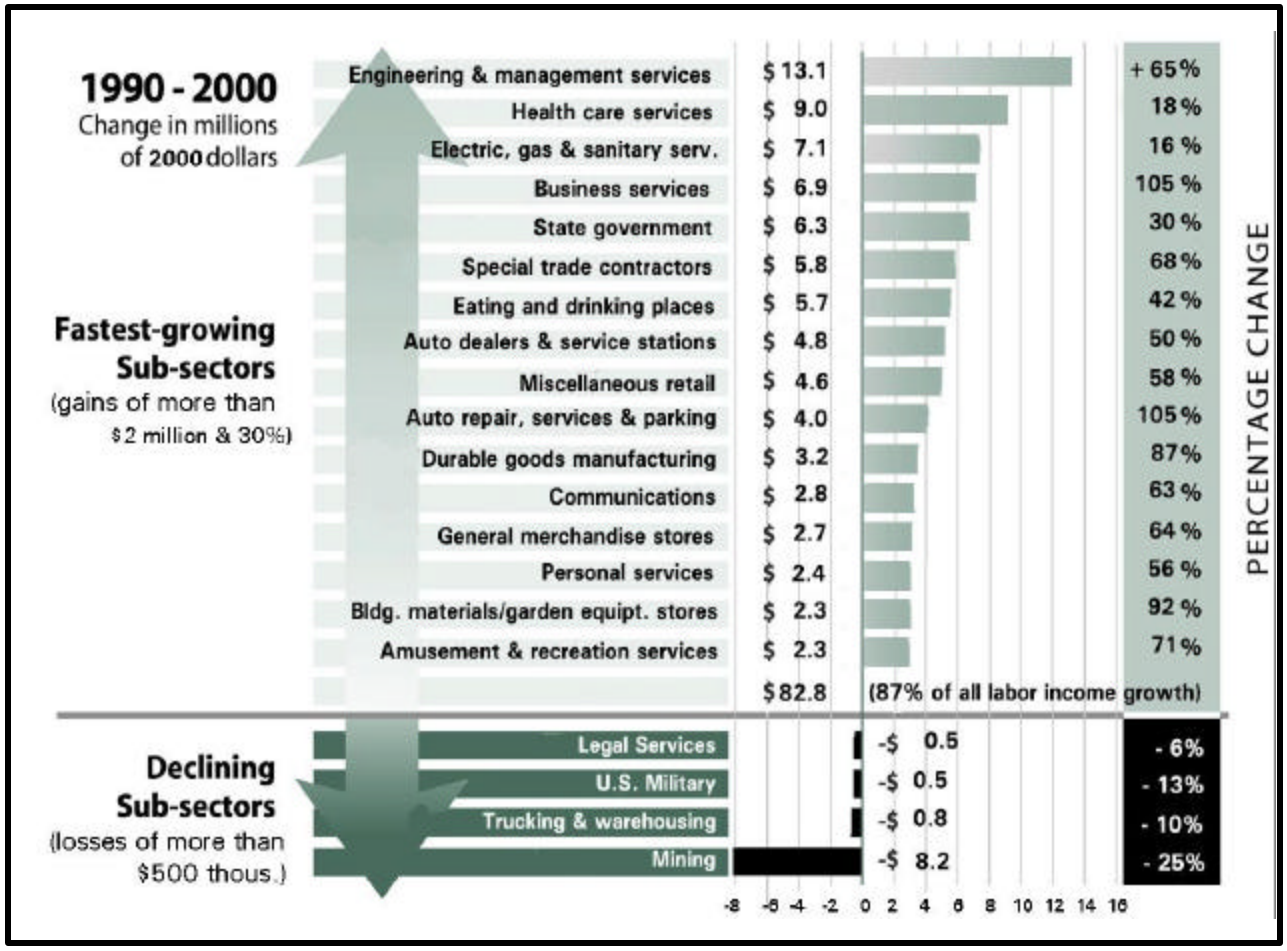
Growth In industrial machinery and equipment manufacturing (computer components by SemiTool) more than off-set losses during the decade by lumber and wood products. This area of manufacturing gain also was nearly equivalent to the manufacturing loss in area primary metals manufacturing.

Source: Based upon local income and employment data of the Bureau of Economic Analysis, U.S. Dept. of Commerce

Rapidly Growing and Declining Sub-Sectors in Silver Bow County

Butte is the third largest regional employment center in the Clark Fork basin area, accounting for about 10 percent of all area employment in 2000. In the Butte area economy, growth in engineering and management services during the last decade ($13 million) more than off-set the decline in mining industry labor earnings ($8.2 million). Growth also focused in health care services, utility services, business services, state government and special trade contractors (carpenters, plumbers, electricians, etc.). Several areas of retail trade saw growth as well.

Even though overall employment growth is much slower in the Butte economy than the economies of Missoula and the Flathead, shifts and restructuring are nevertheless continually occurring.

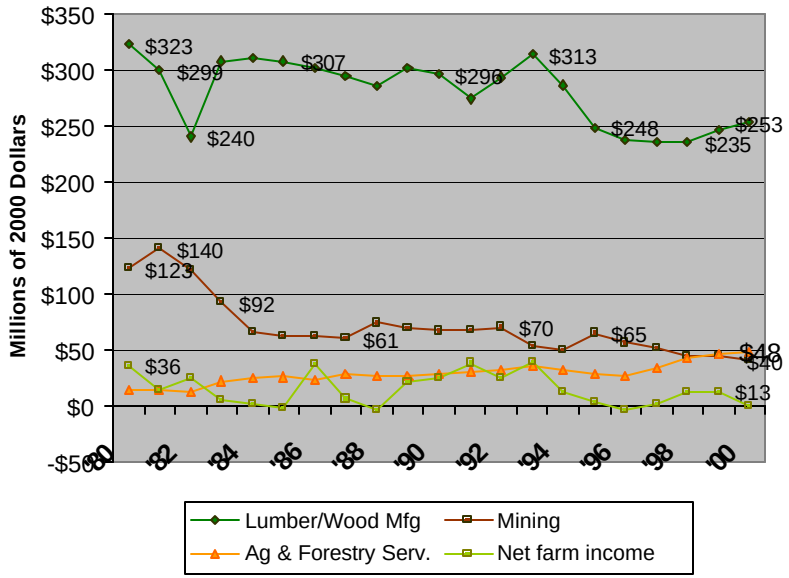


Carroll & Nancy Fields O'Connor
Center for the Rocky Mountain West

Natural Resource Industry Trends in the Clark Fork Basin

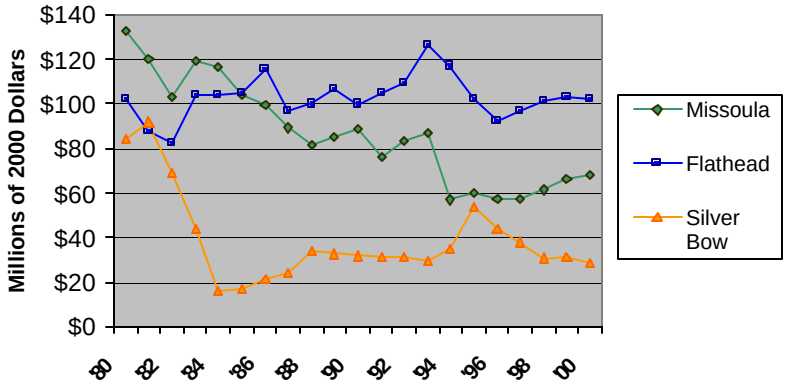
Natural industries including lumber and wood products manufacturing, mining, and farming and ranching are the foundations upon which the Clark Fork basin area economy was built. However, these industries are consolidating, declining, or growing only very slowly. Labor earnings in area employment in wood products have fallen over the last two decades from more than $320 million annually to $250 million. Mining labor earnings, over $140 million in the early '80s, are now around $40 million.

Area-wide Natural Resource Labor Earnings

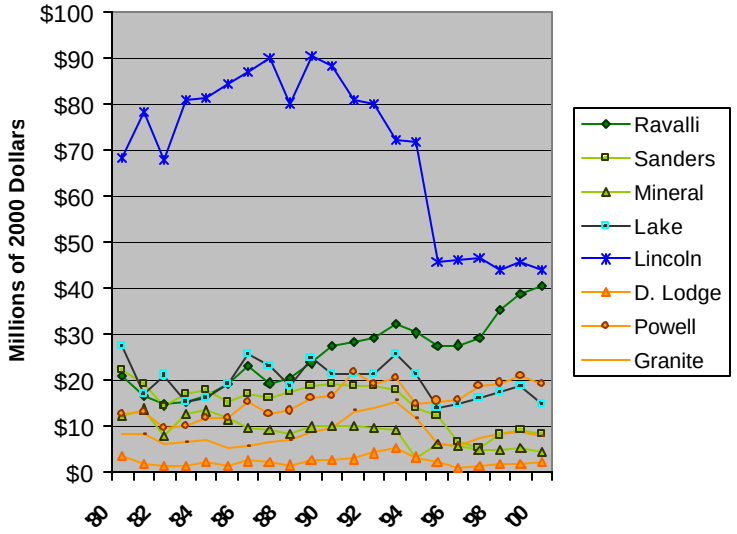


Labor earnings for these industries totaled $495 million in 1980, but only $340 million in 2000.
The charts below show resource industry trends among counties – regional center counties first and then others.

Industry Trends: Regional Center Counties



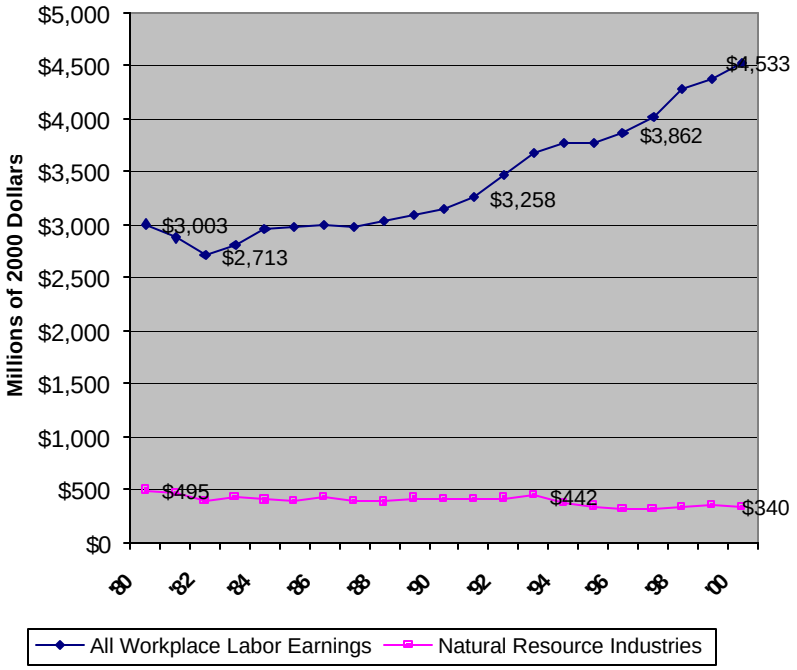
Industry Trends for Other Area Counties



Decreasing Area Dependency on Natural Resource Industries

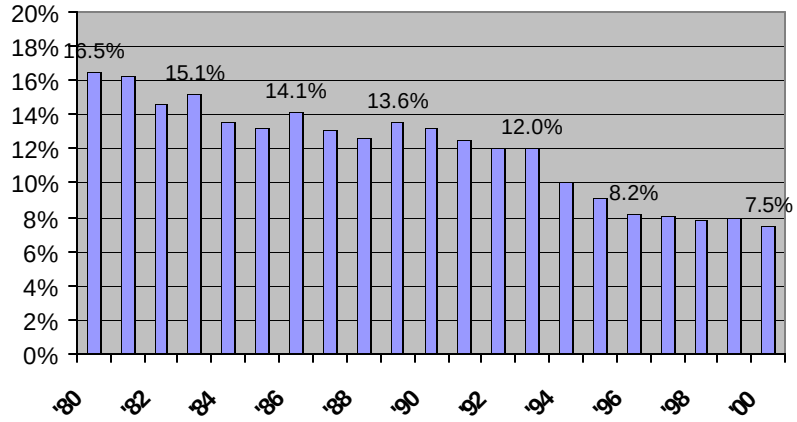
While labor earnings in farming and ranching, mining, and wood products have waned, labor income in the area economy as a whole have continued to rise, particularly in the last decade. In 2000 area-wide labor earnings totaled over $4.5 billion. Labor earnings for these resource industry combined totaled $340 million, about 7.5 percent of all labor earnings.

Area Labor Earnings: Resource Industries vs. Total



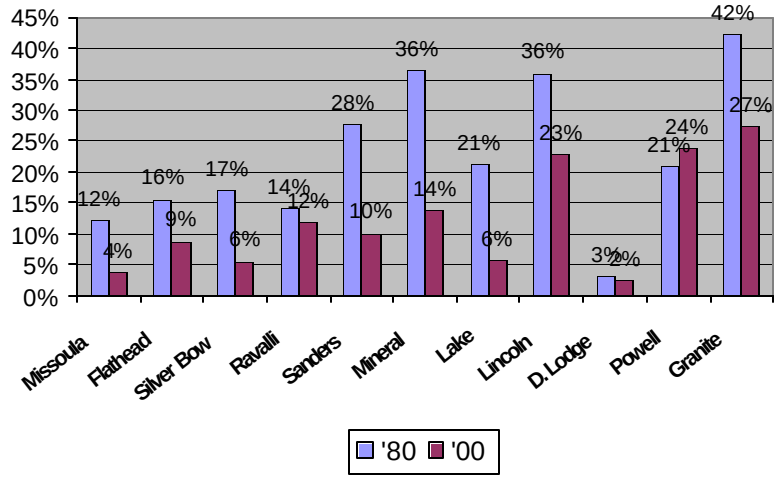
The area economy is growing "away" from its narrow dependence on these natural resource industries.

Resource Industries Share of Total Labor Earnings



While declining basin wide, some area counties remain heavily dependent on these resource industries.

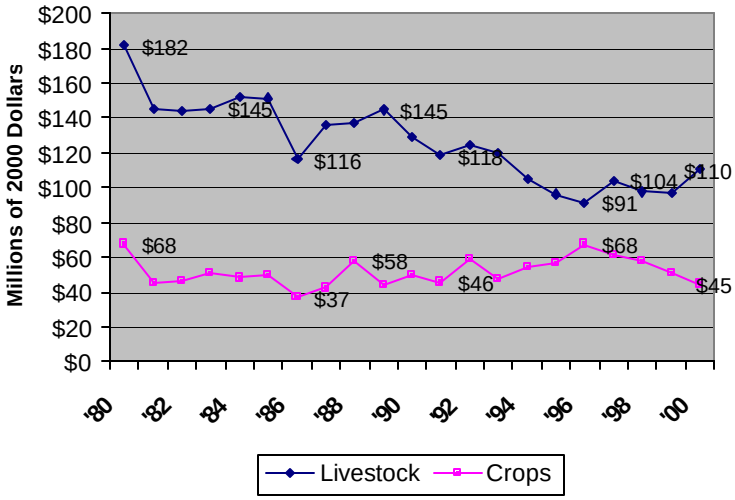
Resource Industry Lab. Inc. Shares: 1980 vs. 2000



The Clark Fork Basin's Struggling Ag Sector

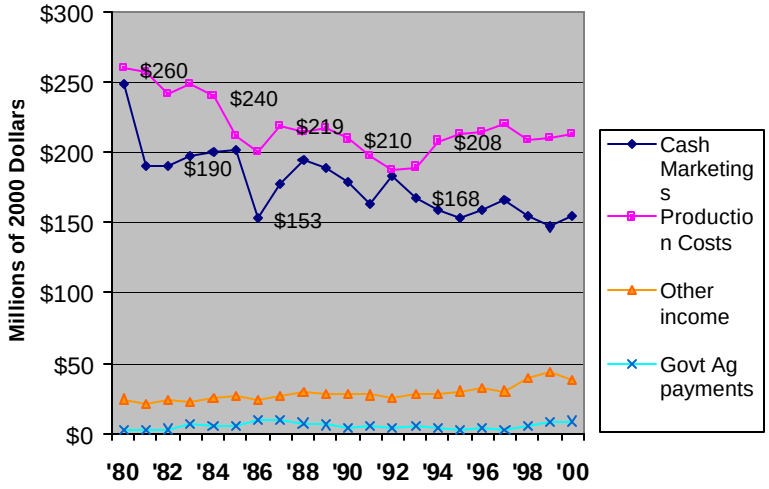
Farmers and ranchers in the area have been producing and marketing anywhere from $90 to $110 million in livestock and $45 to $65 million in crops a year in recent years. Crop receipts haven't changed much over the years, but livestock receipts are down considerably from the early '80s when they exceeded $180 million.

Area Ag Receipts by Type: Livestock or Crops

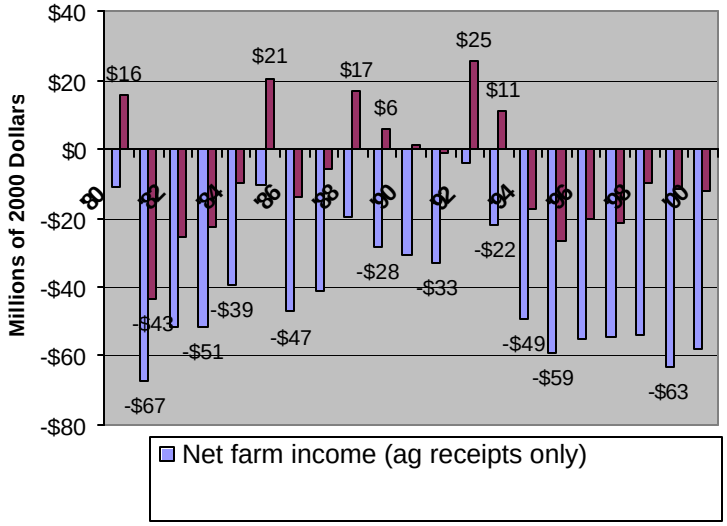


But in most years the costs of producing these crops and livestock exceed cash receipts – in recent years by as much as $50 to $60 million. Positive net revenue for ag producers in the aggregate area-wide only results in most years because of government farm program payments and income by farmers from off-farm sources. Agricultural producers are struggling to survive, which typifies this industry in many areas of the United States.

Area-wide Ag Receipts and Expenditures

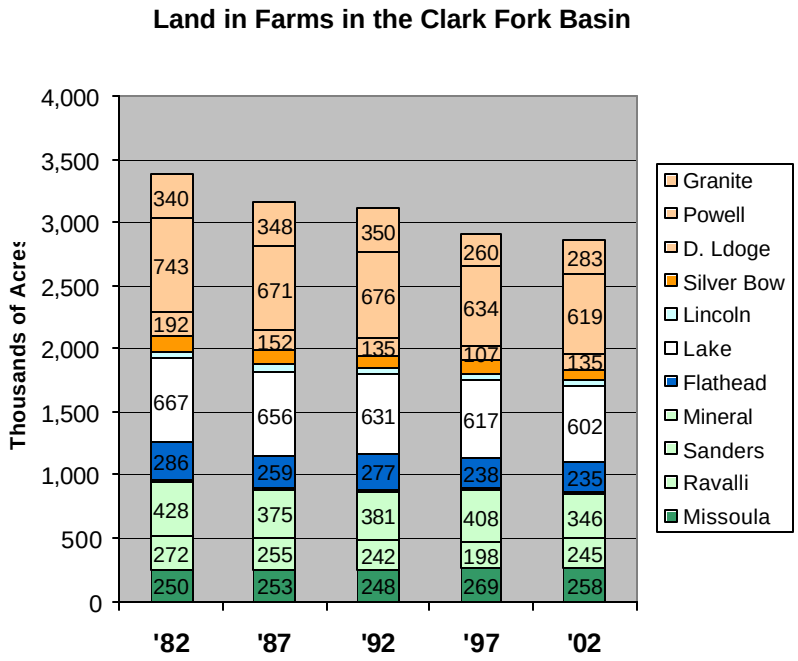


Net Farm Earnings, with & without Income from Sources Other Than Marketings

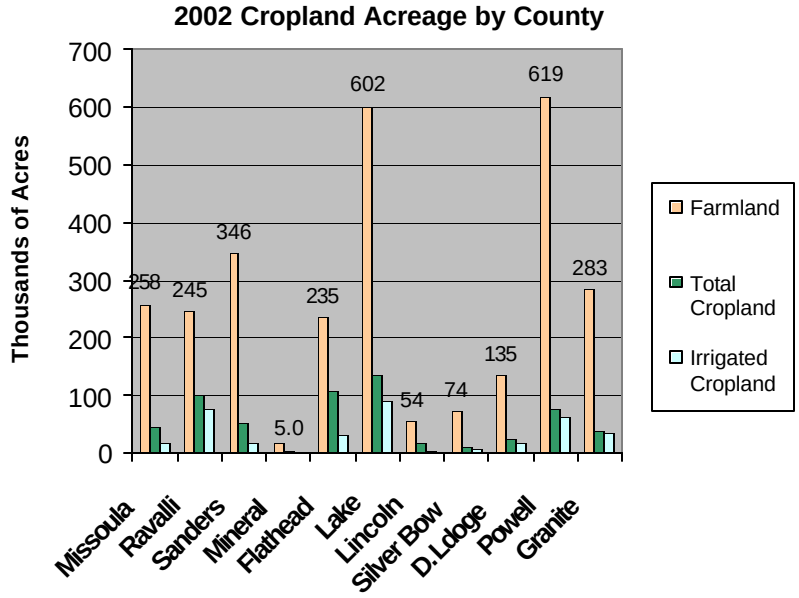


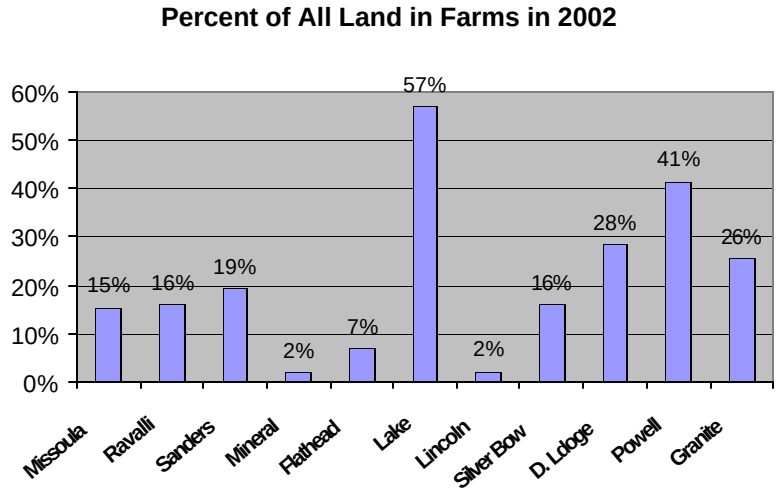
Farmland in the Clark Fork Basin

Within the 11-county area encompassing most of the Clark Fork Basin area are around 2.9 million acres of farmland (as designated in the 2002 *Ag Census*). This farmland is spread across nearly 5,900 farms. Farmland acreage has gradually fallen from almost 3.4 million acres in the early 1980s. Powell and Lake Counties have the most farmland (over 600,000 acres each).



Between 1987 and 2002, there was a reduction in farmland of 292,000 acres basin-wide, with the greatest losses in Granite (-65,000), Lake (-54,000), Powell (-52,000), and Silver Bow (-42,000).





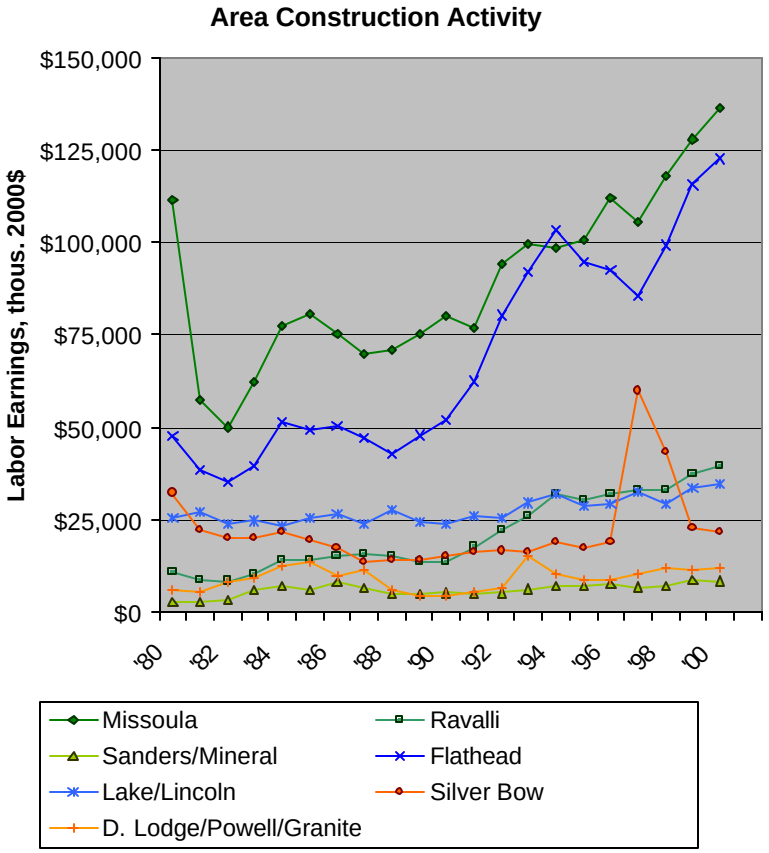
Basin-wide about 18 percent of all land is farmland (2.9 million acres out of a total of over 16 million).

Construction Activity in the Clark Fork Basin Area Over Time

Construction activity is reflected in area labor earnings by those employed in some aspect of construction, including special trade contractors, general contractors, and heavy construction contractors. Yearly construction labor earnings among area counties since 1980 are shown in the chart.

There was a fairly significant fall-off in construction from 1980 to 1982, corresponding with a nationwide economic recession. In the basin area, construction labor earnings fell from $236 million in '80 to $148 million in '82. Much of the remainder of the decade was difficult for construction, and labor earnings reached $181 million in '88. Since then, construction has grown in every year except one (1995) and reached $374 million in 2000.

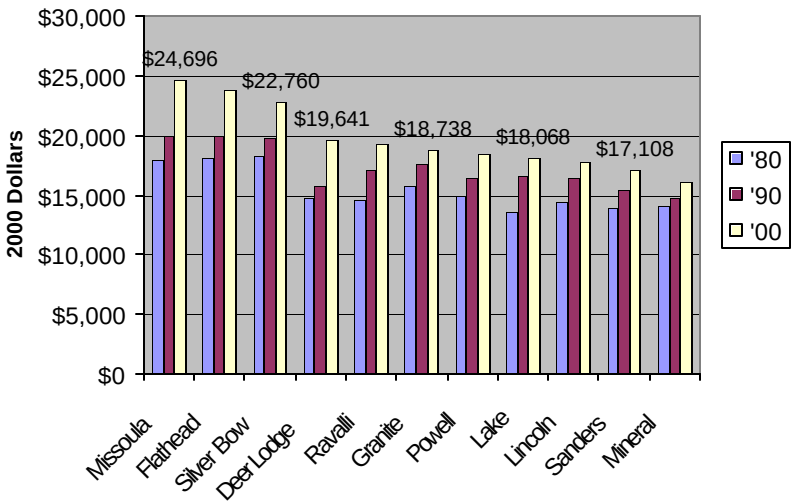
Construction labor earnings for Missoula County workers totaled $136 million in 2000 and in Flathead County totaled $123 million. Construction labor earnings are reported by the county in which the workplace or place of employment is located.



Changes in Area Economic Well-being in the Clark Fork Basin

After very little increase in the 1980s, area per capita incomes rose fairly sharply in the 1990s. Per capita incomes are generally higher in regional centers than in surrounding closely-linked counties, as is the case in the basin area. In 2000 area per capita incomes ranged from a high of $24,700 in Missoula County to as low as $16,030 in Mineral County. The 2000 norm for regional center counties in the West in the same population range as Missoula was $23,700. The norm for slightly smaller regional center counties like Flathead and Silver Bow was $22,900. The norm for surrounding closely-linked counties like area ones was $19,900 (Code 42, Tiers 8 and 9).

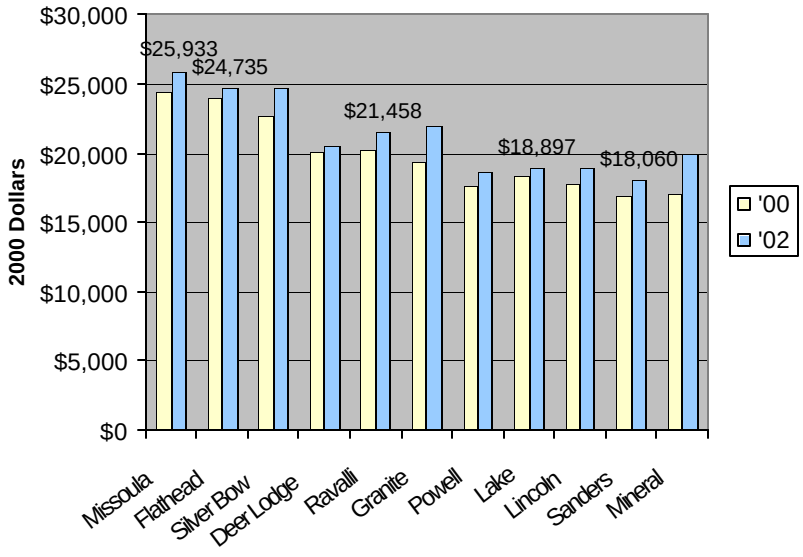
Per Capita Income by County



Missoula County's per capita income is higher than the norm found in similar regional centers in the West. Flathead's per capita income also is higher than the norm, while Silver Bow's is slightly less. Except for Deer Lodge and Ravalli Counties, per capita income levels in all of the surrounding counties are relatively low and significantly lower than the norm for peer counties in the West.

More recent data show that area per capita incomes are continuing to rise, in inflation-adjusted dollars, and this is a positive trend.

Recent Per Capita Income Estimates

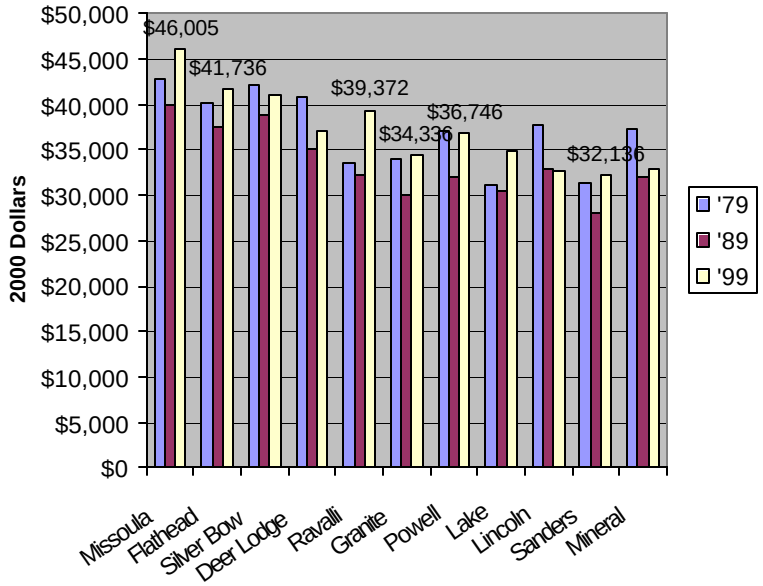


While per capita income is an often-used indicator of area economic well-being, there are others, like median income and area poverty rates.

Recent Improvements in Area Median Family Income and Poverty Rates

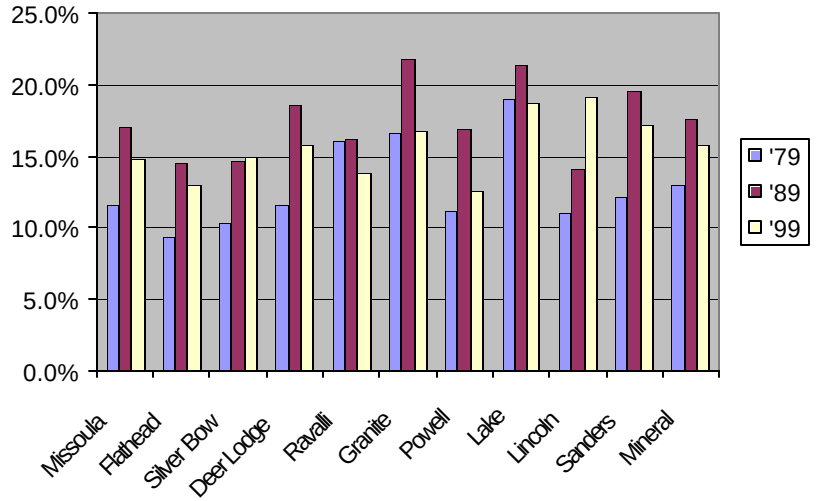
Area family incomes are periodically surveyed as part of the ten-year population censuses. Median family income is the income level exactly at the middle among area families, with an equal number of families with higher incomes as the number with lower incomes. Median incomes fell in all of the counties during the 1980s, but rebounded significantly during the 1990s.

Median Family Income by County



Missoula has the highest area median family income at $46,005, followed by Flathead with $41,736. Sanders has the lowest at $32,136. The norm for regional centers like Missoula is $43,800. The norm for smaller regional center counties like Flathead and Silver Bow is $41,750. And the norm for surrounding closely-linked counties like those in the area is $40,500. While the area's regional center counties compare very favorably with peer areas in terms of median incomes, surrounding counties do not do as well.

Poverty Rates by County



The poverty rate nationwide in 1999 was 12.4% and 14.6% statewide. Poverty rates in the area rose considerably in the 1980s, exceeding 20 percent in two of the counties. They declined more recently area-wide, but poverty rates remain at relatively high levels, ranging from as low as 12.6 percent in Powell to as high as 19.2 percent in Lincoln. Peer areas throughout the West have poverty rates anywhere from 13 to 16 percent.

READ *Urban-to-Rural Hierarchy of Places and County Classification System*

The regional typology or classification scheme devised in *READ* permits economies of areas and regions of the West with similar characteristics and underlying economic attributes to be compared and contrasted. In order for data to convey information that leads to a better understanding of economic change and what that change may mean in terms of area economic well-being, it must be contextual. Economic data must be properly framed with respect to such questions as:

"What type of region or place is this?"

"Where does it fit within the larger economic scheme of things and what role does it play within the larger economy?"

"How are larger changes in the economy affecting regions or areas like this and what may account for this?"

The methods and approaches used in the design and development of *READ* have attempted to help answer these types of questions. While communities in the West are part of the larger U.S. economy and the U.S. economy is changing in some very recognizable ways, larger patterns of economic change do not play out in the same ways in all communities. We know this, but we don't always know why We know there are many differences in important trends among metro and non-metro areas. But, we also know there are wide variations in the size and economic diversity among metropolitan areas and between different non-metropolitan areas.

We need more precision in how we characterize and classify areas and regions if we are going to understand important differences that we find in area conditions and trends. We need more categories for how we classify places and sub-regions, categories that recognize that metro-to-non-metro or urban-to-rural is not a "dichotomy," but rather a "continuum."

READ attempts to systematically identify how areas fit together and are generally organized around regional centers that are both metropolitan and non-metropolitan in size. And, *READ* attempts to account for the roles played by areas within sub-state regional economies as both region "cores" of varying sizes and economic complexities, as surrounding or peripheral areas of these cores with varying linkages and dependencies to them, and as further outlying and isolated rural areas and places.

READ City-Centered, Multi-County Regions

Essentially, the *READ* urban-to-rural hierarchy of county types accounts for two things in initially classifying counties: 1) the size of a county's population, and 2) a county's proximity to major population centers or cities that serve as the centers of sub-state regional economies. We know the economies of isolated rural areas with small populations are much different than the economies of large metropolitan centers. We must account for this and must account for this at gradations of urban and rural. We know that major metro centers as well as large cities in non-metropolitan areas can serve as centers or "cores" of sub-state regional economies, and we must account for this in our classification system. We know that the economic "functionality" or "diversity" of larger regional centers varies depending upon their proximity to each other as well as their proximity to larger cities. We must account for this. We know that areas with very large population bases have more diverse and functionally complex economies than less populated places. The diagram below shows how counties in the West have been grouped and clustered into city-centered, multi-county, sub-state regional economies under the *READ* system.

READ Urban-to-Rural Hierarchy of Counties

County descriptor and corresponding READ code number

- **Major metro cores of over 500 thous. pop. Code 11a**
- Closely-linked surrounding or periphery areas Code 12a
- **Major metro cores of 250-500 thous. Code 11b**
- Closely-linked surrounding areas Code 12b
- **Large "2nd Tier" metro cores of 160-250 thous. Code 21**
- Closely-linked surrounding areas Code 22
- **Small "3rd Tier" metro cores of 100-160 thous. Code 31**
- Closely-linked surrounding areas Code 32
- **Large regional trade centers of 60-100 thous. Code 41**
- Closely-linked surrounding areas Code 42
- **Small regional trade centers of 30-60 thous. Code 51**
- Closely-linked surrounding areas Code 52
- **Isolated rural centers:** isolated rural counties under 35 thous. with centers greater than 10 thous. Code 61
- Small isolated rural counties under 35 thous. without any place of 10 thous. or more Code 62

There are 1,500 counties in the 22 contiguous western states largely west of the Mississippi River and these have all been classified according to this urban-to-rural hierarchy of counties, using 1990 Census populations. Each county also is classified by population "tier". The highest tier is counties with populations greater than 500,000 (Tier 0). The lowest tier is counties with populations under 5,000 (Tier 9).

Using this scheme 153 *READ* regions or multi-county areas centered around major population centers of varying sizes across the West have been differentiated and identified. In the following map these are color-coded by type with core areas shown in dark colors and corresponding closely-linked areas shown in light colors. There are 28 major metro core regions with core populations over 500,000 (*purple*), 10 major metro core regions with core populations between 250,000 and 500,000 (*also purple*), 18 "2nd Tier" metro core regions (*orange*), 22 "3rd Tier" metro core regions (*blue*), 34 large regional trade center regions (*green*), and 41 small regional trade center regions (*yellow*). There are 32 isolated rural centers (*gray*). The remaining 418 counties in the West not included in these regional groupings either as cores or as closely-linked to region cores are treated as small isolated rural counties (*light gray*).

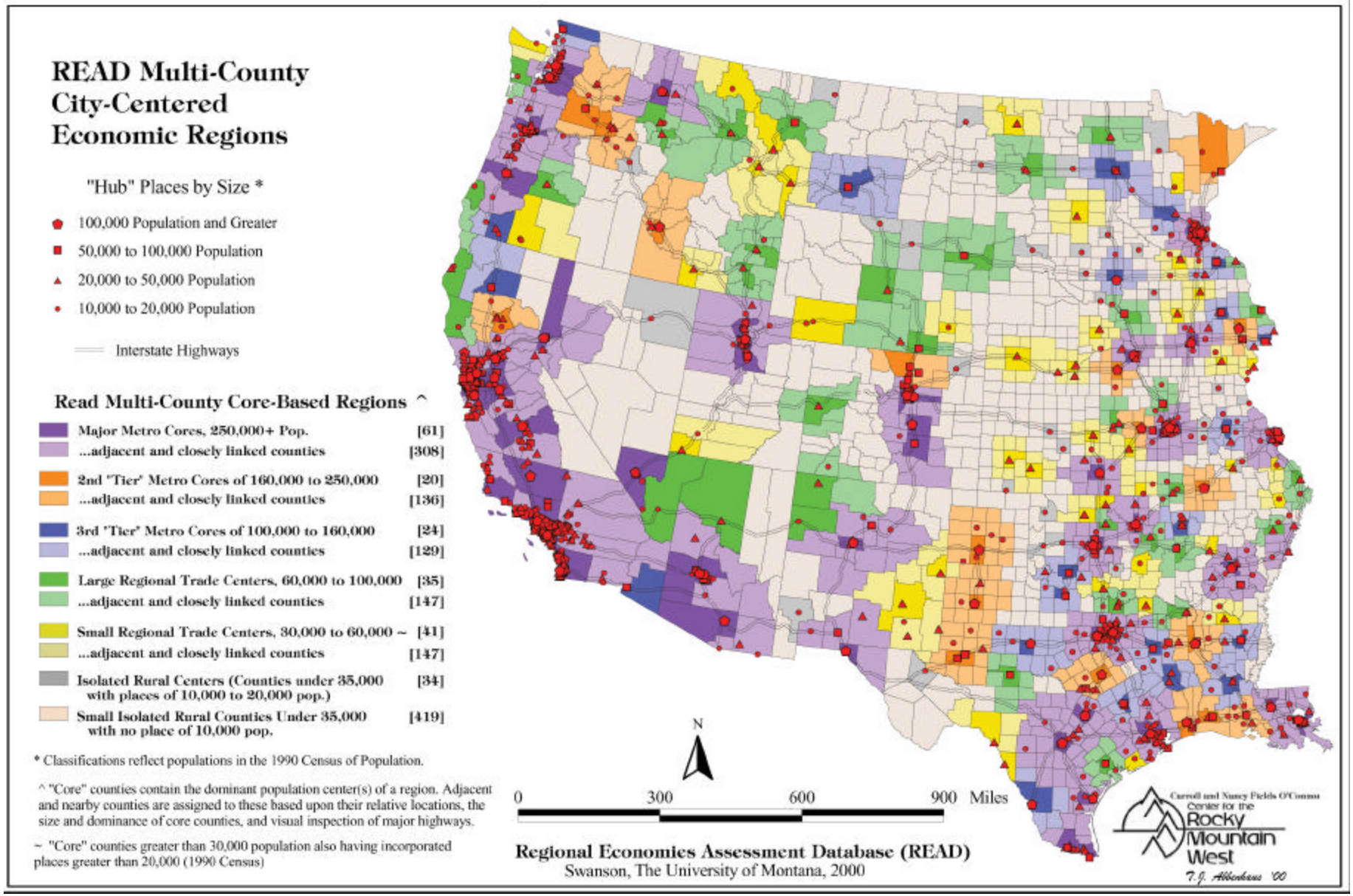
The table following the map indicates the number of counties in each descriptor category and shows how counties are organized into population "tiers" (groupings based upon population ranges). Counties are classified according to both their position in the *READ* urban-to-rural hierarchy as well as within population tiers. The table also shows where counties with large American Indian populations and with high dependencies on production agriculture are found within the classification scheme.

Relation of *READ* Regions to BEA Economic Areas

While there are 153 *READ* sub-state regions in the 22-state West, these same states contain all or part of 83 BEA Economic Areas as designated by the Bureau of Economic Analysis of the U.S. Department of Commerce.[i] BEA Economic Areas "consists of one or more economic nodes - metropolitan areas or similar areas that serve as centers of economic activity - and the surrounding counties that are economically related to the nodes."[ii] Information on commuting patterns is used in identifying nodes and their surrounding related counties and each economic area is to include "the place of work and the place of residence of its labor force."

While commuting patterns, per se, were not used in delineating *READ* regions, both *READ* regions and BEA Economic Areas are conceptually aiming for much the same thing - economic areas that include the dominant population center of a region and its surrounding closely-linked or economically related counties.

Major Population Centers or Region "Cores" and Their "Closely-Linked" Counties in the West



READ "Urban-to-Rural" Regional Hierarchy*

READ region types/1	County Pop. Ranges	Pop. Tier/2	*READ* county type/3	County Code:	No. of counties	Amer.Ind. Depend./4	Prod. Ag. Dep./5	Total '90 Pop.	% of Pop.
PURPLE REGIONS			**region cores**	**11a**	51			47,204,134	49%
Major Metros	500,000+ pop.	0+	large closely-linked	**12a**	3			3,257,809	3.4%
500,000+ core pop.	100,000 - 500,000	1,2,3	med. periph.	**12a**	38			7,984,864	8.4%
	35,000 - 100,000	4,5	small periph.	**12a**	63			3,614,755	3.8%
Regions #1 - 28: 28 total	less than 35,000	6,7,8,9	small periph.	**12a**	122			2,095,732	2.2%
PURPLE REGIONS		1	**region cores**	**11b**	10			3,500,840	3.7%
Major Metros	250,000+ pop.	1+	large closely-linked	**12b**	0			0	0.0%
250,000 - 500,000	100,000 - 250,000	2,3	med. periph.	**12b**	1			217,162	0.2%
core populations	35,000 - 100,000	4,5	small periph.	**12b**	26			1,637,702	1.7%
Regions #29 - 38: 10 total	less than 35,000	6,7,8,9	small periph.	**12b**	55	2		911,619	1.0%
ORANGE REGIONS		2,3,4,5	**region cores**	**21**	21			3,507,830	3.7%
Large "2nd Tier" Metros	100,000+ pop.	3+	large closely-linked	**22**	2			322,909	0.3%
160,000 - 250,000	35,000 - 100,000	4,5	med. periph.	**22**	21			1,258,077	1.3%
core populations	20,000 - 35,000	6	small periph.	**22**	28			737,798	0.8%
Regions #39 - 56: 18 total	less than 20,000	7,8,9	small periph.	**22**	84			845,509	0.9%
BLUE REGIONS		3,4,5	**region cores**	**31**	24			2,802,763	2.9%
Small "3rd Tier" Metros	60,000+ pop.	4+	large closely-linked	**32**	6			470,191	0.5%
100,000 - 160,000	20,000 - 60,000	5,6	med. periph.	**32**	47	1		1,483,402	1.6%
Regions #57 - 78: 22 total	less than 20,000	7,8,9	small periph.	**32**	77	3		920,483	1.0%
GREEN REGIONS		3,4,5,6	**region cores**	**41**	35	3		2,682,693	2.8%
Large Regional Centers	35,000+ pop.	5+	large periph.	**42**	8			341,194	0.4%
60,000 - 100,000 pop.	10,000 - 35,000	6,7	med. periph.	**42**	76	1		1,478,623	1.5%
Regions #79 - 112: 34 total	less than 10,000	8,9	small periph.	**42**	63	4		336,357	0.4%
YELLOW REGIONS		5,6	**region cores**	**51**	41			1,802,812	1.9%
Small Regional Centers	20,000+ pop.	6+	large periph.	**52**	18			542,654	0.6%
30,000 - 60,000 pop.	5,000 - 20,000	7,8	med. periph.	**52**	91			962,899	1.0%
Regions #113 - 153: 37 total	less than 5,000	9-	small periph.	**52**	38			111,295	0.1%
GRAY: Isolated Rural Centers (61 total)	Under 35,000 with places greater than 10,000 pop.	5,6,7	isolated rural center	**61**	33		2	779,257	0.8%
LIGHT GRAY: Small Isolated Rural Counties (Interstate Highway Access)	10,000+ pop. (with I.H. acc.)	7+	iso. rural cos.	**62a**	38	2	7	700,578	0.7%
	10,000+ pop. (no I.H. acc.)	7+	iso. rural cos.	**62b**	100	4	17	1,625,473	1.7%
	1 - 10,000 (with I.H. access)	8,9	iso. rural cos.	**62a**	76	3	44	405,033	0.4%
	1 - 10,000 (no I.H. acc.)	8,9	iso. rural cos.	**62b**	204	7	117	979,801	1.0%
Totals for West					1,500	30	187	95,522,248	100%

* A top-down hierarchical method is used in identifying region "core" counties and their surrounding "closely-linked" periphery counties. At the top of this hierarchy are the most "urban" areas, while at the bottom are the most "rural" sparsely-populated and isolated areas.

1/ General descriptors for each READ region type are given based upon the size of a region's core county or counties ('90 populations). At the top are regions centered around major metropolitan centers with county-wide populations greater than 500,000 people.

2/ Counties have been placed into "tier" classes based upon their 1990 populations as follows:

- Tier 0: 500,000 and more
- Tier 1: 250,000 - 500,000
- Tier 2: 160,000 - 250,000
- Tier 3: 100,000 - 160,000
- Tier 4: 60,000 - 100,000
- Tier 5: 30,000 - 60,000
- Tier 6: 20,000 - 30,000
- Tier 7: 10,000 - 20,000
- Tier 8: 5,000 - 10,000
- Tier 9: less than 5,000 pop.

3/ Counties within READ regions are either "core" counties (region centers) or what is referred to as "closely-linked" periphery counties. Some regions have "joint" cores or more than one core county.

4/ "American Indian dependent" counties are ones in which their '90 populations were 25% or more American Indian.

5/ "Ag dependent" counties are rural ones (codes 61 or 62) where the farm sector accounts for 15% or more of area labor income ('92 benchmark)

- Larry Swanson, O'Connor Center for the Rocky Mountain West, U. of Montana, 2000

However, BEA Economic Areas are considerably larger in most cases than *READ* regions, many times subsuming within them two or more *READ* regions.

BEA also subsumes all outlying, isolated, rural areas into Economic Areas. None are simply left classified as isolated and rural. However, one of the most important characteristics shaping economic conditions and trends in these areas is their isolation. They are not nearby and closely-linked with larger population centers. *READ* recognizes this and classifies isolated counties as separate area types within the *READ* regional hierarchy. *READ* goes further in classifying these isolated areas into sub-types, based upon population tiers, their proximity to the Interstate Highway System and their narrow dependency on certain key industries or sectors, like agriculture.

In most cases, the regional level of BEA Economic Areas is a step between that of *READ* regions and states. Sub-state regional economic planning may in some cases be best pursued at the regional scale of some BEA Economic Areas. However, usually, sub-state, multi-county regional thinking and planning regarding aspects of the economy is best undertaken at the level of *READ* regions. Large BEA Economic Areas that include several population nodes and unduly large geographic areas may not be best for seeking regional cooperation and collaboration in many areas of local economic development.

Relation of *READ* Urban-to-Rural County Codes and ERS County Typology Codes

Perhaps the most widely used scheme for classifying counties according to their urban and rural features are those developed by the Economic Research Service of the U.S. Department of Agriculture. ERS refers to these as the ERS *County Typology*. In the past, the codes also have been commonly referred to as the Beale Codes, named for Calvin Beale who is well-known ERS geographer. They also have been called the urban-rural continuum codes, reflecting their intent of classifying counties along a continuum from very urban to very rural places.[iii] ERS county codes begin with a sorting of counties into two categories – metro counties and non-metro counties. And with non-metro counties so identified, the system then extends into a variety of further classifications, such as "farming-dependent," "mining-dependent," "manufacturing-dependent," etc.

The ERS system is extremely adept at helping to isolate and explain patterns of change in non-metro areas, reflecting variations in types of non-metro industry dependencies. However, the entire classification scheme begins with the definition of "non-metro." Counties either are or aren't non-metro, and there are many areas that lie along the line between metro and non-metro designation.

The *READ* system simply pays no attention to an area's classification as metro or non-metro. Rather, it begins by identifying regional population centers and the counties within which they are located, starting with the very largest population centers first and working down to progressively smaller ones. In the process, a continuum of regional center counties is identified from very large ones – regional center counties with populations exceeding 500,000 – to very small ones – regional center counties with populations between 30,000 and 60,000. Closely-linked and isolated rural counties fall out in the process and the result is the classification of counties by three types: regional center counties, closely-linked counties, and isolated rural counties. Counties are then further classified by population tier.

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[i] For a discussion of the methods and approaches used in defining and delineating BEA Economic Areas, see: Kenneth P. Johnson, "Redefinition of the BEA Economic Areas," *Survey of Current Business*, February, 1995

[ii] ibid

[iii] For a discussion of this classification system, see: Peggy Cook and Karen Mizer, "The Revised ERS County Typology, An Overview," ERS, U.S. Dept. of Agriculture, December 1994.